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ASEAN Decision on Cambodia at Jakarta Meeting

BK2907133990 Jakarta ANTARA in English 1210 GMT 29 Jul 90

[Text] Jakarta, Jul 30 (OANA/ANTARA) [date as received]—Foreign Minister Ali Alatas revealed here Sunday that all participants of the ASEAN post-ministerial conference (PMC) had agreed to make contributions for the setting up of the supreme national council (SNC) in Cambodia before the United Nations General Assembly scheduled for next September.

In a joint press conference attended by all chiefs delegates to the PMC, except the Brunei foreign minister, the common goal of both the U.S. and ASEAN in solving the Cambodian problem remained the search for an eventual comprehensive solution. Only our approach differs slightly, Alatas asserted.

He further said, we have now come to a better understanding about the U.S. position, but, we in ASEAN believe the early withdrawal of U.S. support from the resistance coalition's seat at the UN could hardly be the best option to take. He added that support for the coalition should only be withdrawn after a Supreme National Council (SNC) had been established to occupy Cambodia's seat at the UN.

The fundamental goals (of ASEAN and its partners)...remain the same today as they did a year ago, Baker said. There are slight differences, very slight differences with respect to tactics. He denied any contradiction in dropping U.S. support of the Khmer Rouge-dominated guerrilla coalition in Cambodia while backing a Supreme National Council, which might include members of the radical communist group, to guide the war-ravaged country into elections. By definition any member of the council would be committed to free and fair elections rather than seeking power on the battlefield, he said.

Secretary Baker recently announced in Paris that the U.S. had withdrawn its recognition to Cambodia representation at the United Nations now being held by the Coalition Government of Democratic Kampuchea (CGDK) led by Prince Sihanouk.

The Khmer Rouge under the leadership of Pol Pot when in power from 1975 to 1979 was blamed for its genocide, during which more than one million Cambodians were killed.

The Cambodian issue had taken up much of the three days of talks which ended here Sunday between the foreign ministers of the Association of Southeast Asian Nations and its major trade partners, the United States, Canada, Japan, New Zealand, Australia and the European Community.

Further Reportage on APEC Meeting in Singapore

Thai Foreign Minister Attends

BK3107011290 Bangkok Domestic Service in Thai 1200 GMT 30 Jul 90

[Text] Foreign Minister Air Chief Marshal Sitthi Sawetsila is leading a Thai delegation to the Asia-Pacific Economic Cooperation [APEC] meeting in Singapore from 30 to 31 July after attending the ASEAN Foreign Ministerial Meeting and the ministerial meeting between ASEAN and its dialogue partners in Indonesia. The Thai delegation includes Commerce Minister Subin Pinkhayan and senior officials from the Foreign Ministry and the Commerce Ministry. The meeting will be attended by foreign ministers from 12 Asian-Pacific countries: Thailand, Malaysia, Singapore, Indonesia, the Philippines, Brunei, Australia, New Zealand, the United States, Canada, Japan, and the Republic of Korea.

Nakayama Addresses Forum

OW3007043190 Tokyo KYODO in English 0302 GMT 30 Jul 90

[Text] Singapore, July 30 KYODO—Japan wants China, Taiwan, and Hong Kong included in the Asia-Pacific Economic Cooperation (APEC) forum, Foreign Minister Taro Nakayama said in an address to the APEC ministerial meeting in Singapore Monday.

"Bearing in mind that the real potential value of APEC cannot be realized without the participation of these three economies, I wish to engage in serious deliberation...as how best we can induct them among our ranks," he told foreign and trade ministers at the 12-country meeting.

How to cope with the three economies has troubled founding members of APEC since the organization's inception in Canberra last November.

Taiwan and Hong Kong are two of the most dynamic economies in Asia, but because China claims sovereignty over them, including them in APEC has been difficult. Hong Kong will come under Chinese rule in 1997, but Taiwan will remain a free economy and APEC initially decided against including any of them, including China, in the forum to avoid antagonizing any of the three.

The Association of Southeast Asian Nations (ASEAN) countries—Thailand, Malaysia, Singapore, Indonesia, Brunei, and the Philippines—which make up half the APEC membership, are also very wary that an expansion of APEC membership will dilute their own influence, diplomats say.

Indonesia and Singapore are only now tentatively moving toward normalizing their relationships with China and the question of participation for all three "Chinas" is unlikely to be resolved at the current two-day meeting. Officials have said, however, that they hope

to devise some kind of a formula to include the three by the time APEC meets in South Korea next year.

The United States also wants the "Chinas" in APEC, but Assistant Secretary of State for East Asia and Pacific Affairs Richard Solomon made it clear in a "Worldnet" satellite program a week ago that "this may not be an issue that is fully ripe for resolution at this stage of the game."

Aside from the six ASEAN members, Japan, the United States, and South Korea, APEC also includes Canada, New Zealand, and Australia which initiated the first forum to discuss ways to enhance regional economic cooperation.

Nakayama also said that if APEC is successful, it can help to promote economic and political reform in Asian countries. "APEC could give great stimulus and hope to many Asian countries which...are groping for the road to democratization and economic prosperity," he said.

Nakayama noted that the APEC process had progressed much faster than expected and he hoped that the members, who account for more than one-third of global trade, can work to push for a successful conclusion of the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT). The Japanese foreign minister also clearly emphasized Japan's commitment to the APEC process. "Japan is fully prepared to make its best possible contribution for the attainment of common goals," he said.

Nakayama arrived in Singapore Sunday from Jakarta where he attended the annual meeting of foreign ministers of the ASEAN countries and their six "dialogue partners" from Japan, the United States, Canada, Australia, New Zealand, and the European Community (EC). He is to visit Thailand and Laos after the APEC meeting.

U.S., Japan To Ask PRC on Cambodia

OW3007041590 Tokyo KYODO in English 0346 GMT 30 Jul 90

[Text] Singapore, July 30 KYODO—The United States and Japan agreed Monday to step up efforts to seek Chinese cooperation in settling the 12-year-old Cambodian civil war, Japanese officials said.

U.S. Secretary of State James Baker, meeting his Japanese counterpart Taro Nakayama in Singapore, said Chinese cooperation is essential to end the conflict, the officials said. Baker was apparently referring to ending the supply of Chinese arms to the Khmer Rouge, the strongest group within a tripartite coalition fighting the Cambodian Government.

Nakayama supported Baker's call for Chinese assistance in resolving the current impasse, the officials said.

The two are in Singapore to attend a two-day ministerial meeting of 12 Asian and Pacific Rim countries to discuss regional economic cooperation.

The Cambodian civil war was also a major topic of discussion at the annual meeting of the foreign ministers of the Association of Southeast Asian Nations (ASEAN) and their dialogue partners from Japan, the United States, Canada, Australia, New Zealand, and the European Community in Jakarta over the weekend.

GATT Discussed

BK3007073090 Hong Kong AFP in English 0657 GMT 30 Jul 90

[Text] Singapore, July 30 (AFP)—Foreign and trade ministers from 12 Asia-Pacific countries began two days of discussions on economic cooperation here Monday with calls for a swift and positive conclusion to the current round of GATT talks.

Ministers and officials said they hoped the second ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum would produce a strong statement in support of the free-trade talks.

The current Uruguay Round of the General Agreement on Tarriffs and Trade (GATT) is due to end in December but there are fears among some participants that no agreement will be reached by that deadline. Australian and U.S. officials said they would push for a strong statement on the GATT round, which is the most controversial yet as it includes trade in services as well as goods. "There is no more important Australian foreign policy objective" than a positive conclusion to the Uruguay Round of GATT, according to Richard Woolcott, secretary of the Australian Department of Foreign Affairs and Trade.

U.S. Secretary of State James Baker told APEC ministers Monday that a successful outcome to the Uruguay Round is "the highest international economic policy priority of the United States."

APEC trade ministers are due to meet again twice before the December deadline for the Uruguay Round, APEC officials said. The ministers will meet in Vancouver in September and again in Brussels in December.

APEC groups founder Australia and the United States with Association of Southeast Asian Nations (ASEAN) members Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, as well as Canada, Japan, New Zealand and South Korea.

Australian officials said privately they hoped the meeting could put pressure on the European Economic Community (EEC) to "make the right compromises" on outstanding issues at the GATT negotiations.

The GATT talks are currently stalled on agricultural policy, with the EEC and Japan refusing to drop subsidies to domestic farmers. Washington insists that the subsidies distort prices and markets.

Malaysian Foreign Minister Hassan Omar, meanwhile, raised the ASEAN concern that APEC should not threaten the status of the regional grouping. Quoting an ASEAN working paper, he told ministers and delegates that APEC should "continue to be a loose, exploratory and informal consultative process and...should not blur ASEAN's identity."

Other issues to be raised Monday and Tuesday include membership for the "three Chinas"—China, Hong Kong and Taiwan. Tokyo is pushing for them to be accepted into the forum and the United States and Southeast Asian states are understood to have dropped their objections to the move. However, there has so far been no move to forge a compromise between the three.

China is understood to have told an APEC delegation that it would not allow Hong Kong or Taiwan to attend a ministerial-level meeting as Beijing does not recognise either of them as a sovereign state.

Australian officials said there could be no progress on membership until the three solved their differences and proposed a package to allow them all to join APEC. Andrew Elek, Australian delegation advisor, said Canberra wanted to "put the ball in their court" at the end of the current APEC meeting.

The ministerial meeting session continued Monday afternoon, with discussion scheduled to focus again on the Uruguay Round.

ASEAN on GATT

BK3007115190 Hong Kong AFP in English 1145 GMT 30 Jul 90

[Text] Singapore, July 30 (AFP)—Southeast Asian states Monday expressed serious concern that developing states would be "left out in the cold" in current multilateral trade negotiations. In a 16-point joint statement, Indonesia, Malaysia, the Philippines, Singapore and Thailand expressed dissatisfaction at the Uruguay round of negotiations under the General Agreement on Tariffs and Trade (GATT).

The statement came at the Asia-Pacific Economic Cooperation (APEC) ministerial talks here, coinciding with a shorter, vaguer declaration on the Uruguay Round from the conference as a whole.

Singapore Trade and Industry Minister Lee Hsien Loong, speaking to reporters, denied there was a serious split in APEC over the approach to the GATT negotiations, saying there was rather a "range of views" within the grouping, which also includes Australia, Canada, Japan, South Korea and the United States. "We are concerned that deals will be struck among the principals in the fall (at new trade talks) and developing countries will be left out in the cold," the ASEAN statement said.

It offered specific criticism on several areas of the trade negotiations, saying developed countries continued to attach conditions to their offers and that the needs of developing states were given short shrift.

The strongest language was reserved for negotiations on agriculture, a key sector for most ASEAN states. It said there had been no meaningful progress "due to the intransigence of certain major players which is coming perilously close to jeopardizing the success of the round."

The ASEAN states called on developed countries to show leadership in market access negotiations. "This would be most immediately relevant for us and their liberalization would encourage us to put our trust and confidence in the multilateral trading system that GATT fosters and now even seeks to expand into new areas. ASEAN views progress in this area as the gauge by which to measure the seriousness of developed countries in taking developing country concerns into account," the statement said.

The APEC declaration identified the successful conclusion of the Uruguay round as the single most important issue on the international agenda and stressed their commitment to its timely and successful completion.

The ministers "noted with concern" the lack of progress in certain areas and "agreed on the need for a strengthened multilateral trading system." Brigadier-General Lee said that with the Uruguay Round drawing to an end in December, participants would have to work out some kind of compromise "which will let us continue without a total breakdown."

ASEAN on U.S., EC Trade

BK3007133990 Hong Kong AFP in English 1312 GMT 30 Jul 90

[By Iain Simpson]

[Text] Singapore, July 30 (AFP)—A split emerged here Monday between Southeast Asian states and their Western trading partners over how far to blame Europe for the current lack of progress on free-trade talks, officials attending the talks said.

The Association of Southeast Asian Nations (ASEAN) issued a separate statement at the end of the first day of an Asia-Pacific Economic Cooperation (APEC) meeting here that blamed developed countries for the current impasse in GATT talks. A shorter official statement urged moves to speed up a resolution to the Uruguay Round of the General Agreement on Tarriffs and Trade (GATT), which is due to end in December, but assigned no blame. ASEAN officials, who felt the statement was not strong enough, issued the separate one cautioning the

major economic powers against reaching a deal that would mean developing countries were "left out in the cold."

Singapore's Trade and Industry Minister Lee Hsien Loong told reporters after the meeting that ASEAN countries "were willing to go further than APEC as a whole" in their statement on GATT. However, he said, "the APEC statement is a firm one."

APEC groups founder Australia and the United States with ASEAN members Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, as well as Canada, Japan, New Zealand and South Korea. [sentence as received]

The ASEAN statement specifically criticised the United States and Canada for their policies on trading in textiles and clothing. The two North American countries "continue to hang on to their global quota approach despite the overwhelming consensus that it would only perpetuate restrictions and that its implementation would be disruptive to trade," it said.

It also hit out at "the intransigence of certain major players" in talks on agriculture, which it said "is coming perilously close to jeopardising the success of the round." Although it did not name any country in this context, the reference was clearly directed mainly at the European Economic Community (EEC).

"There certainly has been a strong desire to send a message to the European Community," a senior U.S. State Department official said after Monday's afternoon session.

Australian and U.S. officials said earlier they would push for a strong statement on the GATT round, which is the most controversial yet because it includes trade in services as well as goods. "There is no more important Australian foreign policy objective" than a positive conclusion to the Uruguay Round of GATT, according to Richard Woolcott, secretary of the Australian Department of Foreign Affairs and Trade.

However, the separate ASEAN statement once again emphasised the loose ties that bind APEC members, and ASEAN's desire to assert its influence within the group. Australian officials said privately they hoped the meeting could put pressure on the EEC to "make the right compromises" on outstanding issues at the GATT negotiations. However, they insisted that the gulf between the two statements was a narrow one and did not represent a split within the trans-Pacific grouping.

GATT talks are currently stalled in several areas, including agricultural policy with the EEC and Japan's refusal to drop subsidies to domestic farmers. Washington insists that the subsidies distort prices and markets.

The most recent meeting of the GATT trade negotiations committee, in Geneva earlier this month, ended with no progress, and the ASEAN states were unhappy with what they saw as stonewalling by the developed member countries of GATT.

In a short response to the ASEAN statement, the chief GATT negotiator in the U.S. delegation emphasised the difficulty of the talks and the issues being raised, adding that these were subjects on which it was not always easy to compromise.

Later, the senior State Department official said the difficulties indicated the growing complexity of international trade. "In the past if the U.S., Japan and the European Community got together and did seek a deal, it would basically solve a GATT round," he said. "That is no longer the case," he added.

ASEAN Ministers' Statement

BK3007145990 Singapore Domestic Service in English 1400 GMT 30 Jul 90

[Text] Ministers of the Asia-Pacific Economic Cooperation [APEC] group have called for urgent progress in the global free-trade negotiations. In a declaration issued during its second ministerial meeting in Singapore, the 12-member group reiterated its firm commitment to a timely and successful completion of the Uruguay talks. This, they said, is the most important issue on the international agenda.

The Uruguay talks (?fixed) a December deadline to work out an accord to cut tariffs and other trade restricting practices. The ministers could see the world trading system break up into competing regional blocs. The ministers stressed that trade rules emerging from the Uruguay round must enhance open and fair competition.

ASEAN also released a separate statement on the Uruguay Round of trade talks at today's meeting. The grouping expressed concern about the lack of progress in the negotiations. The statement called on the world trading community to have the same aspirations for greater trade liberalization.

The ASEAN ministers warned against protectionism and bilateral policies, which would have grave consequences for the developing countries. They also urged the developed countries to [words indistinct] in the negotiations for access to economic market. If this were done, ASEAN would then be encouraged to [word indistinct] the confidence in GATT's [General Agreement on Tariffs and Trade] multilateral trading system. The ASEAN ministers felt that progress on GATT's system would depend largely on the seriousness of the developed countries in taking into account the concern of developing countries in negotiations.

Speaking at a news conference, the minister for trade and industry, Brigadier General Lee Hsien Loong says there is some consensus among APEC countries to bring in China, Hong Kong, and Taiwan into the organization. He said that the group would not be complete without

their participation. Gen. Lee said it was a delicate matter and some mutually acceptable way had to be found to bring in the three countries.

Further on ASEAN Statement

BK3107013590 Bangkok BANGKOK POST in English 31 Jul 90 p 15

[By Suphaphon Kanwerayothin in Singapore]

[Text] The Association of Southeast Asian Nations issued a strong statement yesterday blaming developed countries for impeding efforts to liberalise global trade while urging them to show leadership in the market access negotiations.

"ASEAN is prepared to scale the seemingly insurmountable heights of trade liberalisation. But for us to succeed, we would need the world trading community to have the same aspiration," the statement read.

Ministers of 12 members of the Asia-Pacific Economic Cooperation (APEC) focussed their talks yesterday on the outcome of last week's Trade Negotiations Committee meeting in Geneva. APEC comprises ASEAN members, the United States, Japan, Korea, Canada, Australia and New Zealand.

At the end of yesterday's closed-door session, ASEAN ministers sprang a surprise by issuing a 16-point statement separate from the one by APEC ministers addressing the same topic of the Uruguay Round.

The purpose of the ASEAN statement, according to delegates, was to inject some sense of urgency and importance to the current impasse, with the December deadline pressing and no substantial progress yet apparent.

Prompted by the possibility that the multilateral trade system could collapse, ASEAN spelt out key areas of its interests where the failure of negotiations would disrupt most of the member states' agricultural and export-oriented economies.

Delivered at the APEC forum by the Philippines Secretary of Trade and Industry, Jose Concepcion, the statement also made conciliatory gestures with some reservations, that ASEAN was ready to act and respond positively in areas where progress was made.

In the negotiations on tariffs, non-tariff barriers and tropical products, developed countries "continue to attach conditionalities to their current offers and have not adequately addressed requests for liberalisation on products which are of critical importance to the developing countries," the statement said. ASEAN was prepared to respond accordingly to any positive moves in the market access negotiations "within the limits of their individual development, financial and trade needs," it said.

On the issue of textiles and clothing, ASEAN pointed to fellow APEC members the US and Canada, for their refusal to heed the "overwhelming consensus" against their global quota approach which ASEAN described as "only perpetuating restrictions and disruptive to trade."

Singapore's Minister for Trade and Industry Lee Hsein Loong told a press briefing that the ASEAN statement prompted US intervention in the session where its chief negotiator to GATT explained the lack of progress was not "the question of people refusing to move", but involved complex matters with wide-ranging ramifications for which directives are being issued from the capital. However, the US expressed willingness to refer the matter to Washington, for "fresh looks and instructions", a signal which the Singaporean minister described as a positive sign.

ASEAN also pointed its finger at the European Community for aggravating current restrictions and complicating the inclusion of the textile sector in GATT negotiations "ASEAN reaffirms that an MFA-based (Multi-Fibre Arrangements) approach would provide for the most pragmatic and equitable modality for both importing and exporting countries for the integration of the textiles and clothing sector into GATT," the statement said.

ASEAN blamed the lack of progress in agricultural negotiations on "the intransigence of certain major players which is coming perilously close to jeopardising the success of the round."

The ASEAN statement on the Uruguay Round also outlined its positions on anti-dumping, subsidies, countervailing duties and safeguards. ASEAN was critical of the Trade Negotiation Committee chairman's text on anti-dumping, describing it as "unbalanced" and failing to address ASEAN concerns on eliminating the use of anti-dumping actions as a harassment of legitimate trade and as a protectionist instrument against normal business practice.

The chairman's text, ASEAN alleged, would introduce "anti-development and anti-investment" concepts and practices which would be found illegal under existing rules.

On subsidies and countervailing duties (CVD), ASEAN voiced concern over proposals to prohibit certain subsidies that are used as instruments for social and economic development. These proposals, they said, failed to make the distinction of what constitutes measures taken to gain unfair advantage as against those taken for legitimate development needs. "ASEAN emphasises that clear-cut CVD rules are crucial towards the attainment of fair and predictable trading rules," the statement said.

On intellectual property rights protection, ASEAN said it agreed to multilateral dispute settlement procedures but it strongly opposed any proposals "which disregard public interest, which subvert the integrity of our domestic legal system and which impose unreasonable demands on enforcement measures which are extremely burdensome."

Thai Minister on GATT

BK3107032390 Bangkok THE NATION in English 31 Jul 90 p 8

[Interview with Thai Commerce Minister Subin Pinkhayan by correspondent Thanong Khanthong in Singapore; date not given]

[Text] [Thanong] What were some of the major outcomes that emerged from this morning's talks among the foreign and trade ministers in the Asia-Pacific Economic Cooperation forum on world and regional economic developments?

[Subin] Foreign Minister Sitthi Sawetsila, who represents the Thai government, mentioned about Thailand's support for Asia-Pacific Economic Cooperation (APEC) and the formation of APEC, and emphasized the significance of the Uruguay Round of trade talks under GATT.

The rapid economic growth of the Asia-Pacific, the reunification of Eastern Europe and the advent of the single European market are some of the crucial points that APEC will have to be aware of. Thailand also expressed concern over inflationary pressures in the process of economic integration, both in Eastern Europe and the Asia-Pacific, if the pace is unchecked.

[Thanong] ASEAN, under your chairmanship in the ASEAN Post-Ministerial meeting held in Jakarta last week, issued a very strongly-worded statement, accusing the Trade negotiations committee of GATT for its lack of seriousness in trying to arrive at concrete decisions at the Uruguay Round. Do you think that the language was strong, or that it should have been stronger?

[Subin] At the trade talks in Geneva, our delegation felt that the interests of the developing countries, particularly ASEAN, were not given due consideration. The talks were mainly conducted among the super-powers; so ASEAN felt that we were excluded from the negotiations. Yes, that was the feeling of ASEAN, and I conveyed this message to the dialogue partners at the Jakarta meeting. And, we will try to relay this same message again at this APEC meeting so that the participants know that we are sincere and that we really want the Uruguay Round to end successfully.

[Thanong] What were the reactions of ASEAN'S dialogue partners to the oft-repeated accusation that the United States, the EC and Japan stalled the progress of the Uruguay Round in Geneva last week?

[Subin] All the six dialogue partners of ASEAN (the US, the EC, Japan, Canada, Australia and New Zealand) in Jakarta expressed their opinion that it is necessary to advance the multilateral trade talks and put more efforts in the negotiations because there is not much time left in the Round.

Moreover, after this APEC meeting, we will be talking more about the Uruguay Round at Vancouver, where the Canadian government has agreed to host a meeting next month.

[Thanong] Who will participate at this Canadian meeting? And what will be its format?

[Subin] I have not been informed about that yet. But, here we will still have a lot of opportunity to talk as to how we can contribute to this Round—here in Singapore. Between now and the Vancouver meeting, it is not certain what will be the extent of progress at the trade talks.

[Thanong] What is the degree of concern among Thailand or ASEAN that negotiations in the Uruguay Round might not be successful?

[Subin] Sure, we are very concerned about that prospect, no less than the developed countries. Because the impact would be immense, be it trade protectionism or the market unions of the developed countries, which could potentially place the developing countries at a disadvantage. Under the GATT rules, if the talks are to be successful, the developing countries will stand to benefit from the differentials in trade system such as GSP (Generalized System of Preferences), which is still necessary to us.

[Thanong] To what extent are you confident that within October this year draft agreements will be written down so that the trade ministers of the GATT member countries may endorse them before the end of the year?

[Subin] Everybody has this same hope. But, it is necessary to talk and express opinions in a straightforward manner. All the parties will be asked to cooperate because the Round will not be successful with only one party. And, in particular, the super-powers should be more helpful.

[Thanong] If the Round is to be concluded successfully, it appears that at this point political will is the decisive factor. Because, if the delegations are not given the authority they need to negotiate for the successful outcome of the Round, then the talks will be fruitless. How much authority have the Thai representatives been delegated at the Geneva talks?

[Subin] Yes, this is true. I have already asked the Cabinet to approve Thailand's position in the talks, and to what extent we can have a compromise. Our delegation in Geneva has been well briefed on this position.

Malaysian on ASEAN, APEC

BK3007100990 Kuala Lumpur BERNAMA in English 0659 GMT 30 Jul 90

[By Syed Imran Alsagoff]

[Text] Singapore, July 30 (OANA-BERNAMA)—Foreign Minister Abu Hassan Omar reiterated Monday [30 July] that ASEAN's first priority is to strengthen

intra-ASEAN co-operation before the grouping embarked on a new venture. Progress in trade and other forms of economic activities on an ASEAN basis still required a greater effort by ASEAN countries themselves, he added.

Speaking in his capacity as the chairman of the ASEAN Standing Committee at the second Asia Pacific Economic Cooperation (APEC) ministerial meeting here, Abu Hassan said it was only natural for ASEAN to approach the APEC process with caution. "There was also the concern that our dialogue partners, who formed the other half of the APEC membership, would pay more attention to APEC and in the process would reduce the scale of their involvement in ASEAN," he added.

Such fears were only natural, Abu Hassan said, adding that not everybody readily understood, much less appreciated, the rationale behind them.

APEC has come a long way since its first meeting in Canberra last year and this was made easier by the understanding reached between the ASEAN foreign ministers and the economic ministers at their joint meeting in Kuching on February 15 this year.

Abu Hassan said at that meeting the ministers agreed on the criteria and the principles which would guide ASEAN's continued participation in APEC. "We agreed that APEC should continue to be a loose, exploratory and informal consultative process and that the APEC process should not blur ASEAN's identity," he added. This understanding, he said, was reaffirmed at the just concluded ASEAN ministerial meeting in Jakarta where ASEAN also stated firmly that it was not its intention to form an economic trading bloc.

He added: "At the same time, it was also reassuring to hear statements from our dialogue partners, made only as recently as the Jakarta meeting, that they continue to attach vital importance to their relations with ASEAN and that they would regard ASEAN as having a central role in the APEC process."

He said ASEAN's involvement in APEC's projects, particularly in the areas identified as being of interest and beneficial to the grouping, such as international economic development and structural adjustment, regional trade interests and investments and human resources development, was the result of a much clearer perception about APEC.

ASEAN has also been participating in work projects related to other fields such as energy, marine resources and telecommunications. "This shows that ASEAN is prepared to adopt a flexible approach and is ready to participate in work projects covering areas other than those we have already identified as being of interest to ASEAN," he added.

Further on ASEAN, APEC

BK3107103190 Jakarta ANTARA in English 0942 GMT 31 Jul 90

[Text] Singapore, Jul 31 (ANTARA)—ASEAN considers that it is too early to discuss the membership of the Asia Pacific Economic Cooperation (APEC) as the organisation thinks that APEC still functions as a consultation forum, chairman of the ASEAN standing committee Abu Hassan Omar stated here Monday [30 July].

Abu Hassan Omar who is also Malaysia's foreign minister further said the discussion on membership would take a long time and need appropriate considerations. Let's start by founding a strong basis for our cooperation, he added.

People's Republic of China (PRC), Taiwan and Hong Kong as well as several East European and Asian countries have expressed their interest to join APEC.

Singapore's Prime Minister Lee Kuan Yew when opening the 2nd APEC meeting stated that APEC is still incomplete without engaging PRC, Taiwan and Hong Kong as they play an important role in this region.

Abu Hassan also disclosed that ASEAN harboured no wish to set up a trade bloc as this regional organisation supported fair and free market.

The Malaysian foreign minister explained that ASEAN was also ready to apply lithe rapprochement [as received] and to take part in projects which would be the interest of ASEAN.

Brunei Darussalam's Industry and Prime Resources Minister Abdul Rahman Taib stated that ASEAN's principles in APEC were to maintain the organisation's cohesion and identity, and keep the regional cooperation not to form a trade bloc.

The third principle is that ASEAN is of the opinion that currentl, APEC should concentrate on investment, free trading system, transfer of technology and development of human resources.

According to Abdul Rahman Taib, ASEAN viewed that APEC should also function as an institution for helping curb economic and trade tensions.

South Korea's Foreign Minister Choe Ho-Chung said Asia and Pacific should be optimistic in the future despite their heavy challenges. By avoiding new oil crisis and chaos in financial institutions, sustainable growth seemed to be encouraging in several years to come, he added.

Chairman of the Pacific Economic Cooperation Conference S. Chandra Das disclosed that the cooperation network between his organization and APEC would create a stronger basis for economic cooperation in the Asian-Pacific region.

Japan's Industry and International Trade Minister Kabun Mutoh explained that APEC was responsible for urging the unification of European Community in 1992, and other regional cooperations to keep open to outsiders besides stepping up the globalization wave.

Meanwhile, Canada's Foreign Minister Joe Clark expressed his support for the unification of PRC, Taiwan and Hong Kong. The global economic activity center is now rapidly moving to the Pacific, Clark said, adding that Canada is now carrying its business more to the Pacific than the Atlantic region.

Japanese on APEC Role

BK3107053290 Kuala Lumpur BERNAMA in English 0444 GMT 31 Jul 90

[By Syed Imran Alsagoff]

[Text] Singapore, July 31 (BERNAMA)—Japanese Foreign Minister Dr. Taro Nakayama has outlined two important roles for the Asia-Pacific Economic Cooperation (APEC) countries to play.

The first is the exchange of views on regional economic issues and the second is the implementation of concrete cooperative projects in areas where existing cooperation was insufficient. The regional economic issues he mentioned were the elevation of industrial structures, opening of their markets, improvement of infrastructure, human resource development and active contribution by the private sector.

In his remarks at the second APEC ministerial meeting, scheduled to end Tuesday, Dr. Nakayama said APEC should serve as an exemplary model of regional cooperation open to the world, demonstrating strong support for the free trade system. "It should make further contributions in order to successfully conclude the Uruguay Round negotiations before the end of the year," he added.

Dr. Nakayama noted that it was sometimes very difficult for all 12 countries with their rich diversity to make a joint move forward. But he urged that the momentum which has emerged should be carefully developed. He believed APEC would give a great stimulus and hope for many Asian countries which, encouraged by radical reforms in Europe, were groping for the road to democratisation and economic prosperity.

On free trade, he said, the formation of closed regional blocs must be avoided.

Canada's Secretary of State for External Affairs, Joe Clark, said the APEC forum must expand to include the other key economies of the region, particularly Hong Kong, Taiwan and China. "This is so the forum can reach its full potential. The sooner such expansion occurs, the better it is," he added.

Since 1970, Clark said, Asia's share of global output had doubled and trade within the region had grown ten fold.

By the end of the century, he predicted, the Pacific may well contain 60 per cent of humanity, 40 per cent of global consumption and an even larger share of global production.

He added: "That reflects remarkable performance by several economies, including that of Japan, which is already an economic superpower. But Korea's economy is developing at a rate faster than Japan's. "On per capita basis, Hong Kong may soon be richer than Great Britain, Singapore richer than Italy."

He pointed out that Taiwan alone had reserves of U.S$70 billion, Thailand and Malaysia were moving from annual economic growth rates of seven per cent to over 10 per cent, defying those economists who predicted that growth would flatten with increased wealth. The bottom line for the world, Clark said, was that "Asia is now one of the major engines of the global economy."

The South Korean minister of foreign affairs, Choe Ho-chung, said the immediate challenge for APEC was the impending emergence of a single European market and a move toward a larger European economic space. "No one can deny that some apprehension is felt about the possibility that, in the process of this evolution, Europe could become so preoccupied with its own problems as to turn inward despite its repeated assurances to the contrary."

He agreed with other APEC leaders that the group should maintain and strengthen the outward-looking and open nature of its cooperative process which might possibly dissuade the EC from developing into an inward-looking trading bloc.

Choi said countries in the Asia-Pacific region faced tough economic challenges but he added that they have every reason to project an optimistic outlook for the future. "Avoiding a renewed oil crisis or unexpected financial market disruptions, prospects for sustained growth in the region for the next few years look rather bright," he added.

Brunei Darussalam's Pehin Abdul Rahman Taib, speaking in his capacity as chairman of the ASEAN economic ministers, reiterated ASEAN's position that APEC, at this stage, should focus on developing cooperation in areas such as trade liberalisation, investment and technology transfer, and human resources development. He said ASEAN believed that progress in this important areas could provide the fundamental basis for future cooperation.

Australia's minister for trade negotiations, Neal Blewett, said his country was disappointed at the slow rate of progress in the Uruguay Round of multilateral trade negotiations. He said it would be impossible to conclude the round by December "unless the tempo of work is accelerated and key political issues are addressed."

ROK, Japanese Ministers Meet

OW3107042590 Tokyo KYODO in English 0319 GMT 31 Jul 90

[Text] Singapore, July 31 KYODO—South Korea will send a ministerial delegation to the Soviet Union next month for talks on bilateral economic relations, South Korean Foreign Minister Choe Ho-chung said in Singapore Tuesday.

In a meeting with his Japanese counterpart Taro Nakayama, Choe said the Soviet Union is mainly interested in fostering economic ties between Moscow and Seoul, but South Korea is also keen on enhancing bilateral relations on a broader scale, a clear reference to diplomatic and other political relationships.

The mission will be led by a cabinet minister in charge of economic affairs, Japanese sources said in a briefing after the Choe-Nakayama meeting. Both are in Singapore for a ministerial meeting on regional economic cooperation among 12 Asian and Pacific countries.

The South Korean mission's visit to Moscow will be the latest development in a series of recent moves toward rapprochement between South Korea and the Soviet Union which is a main supporter of Communist North Korea. Seoul-Moscow ties gained a major boost following a meeting between Presidents No Tae-u and Mikhail Gorbachev in the United States in June.

In his meeting with Nakayama, Choe also referred to a scheduled meeting of the two prime ministers of South and North Korea and said it is still uncertain as to how Pyongyang will respond to the first, highest-ever, encounter between the two Koreas which technically remain at war. The prime ministers are scheduled to meet in Seoul September 4-7 and again in Pyongyang two weeks later.

On Tokyo-Seoul relations, Nakayama and Choe agreed to hold a ministerial meeting of the two countries by the end of this year, according to Japanese officials.

The two foreign ministers also agreed to continue consultations for solving such pending issues as improved legal status for Korean residents in Japan, assistance to Korean nationals remaining in Sakhalin and transfer of technology from Japan to South Korea, the officials said. Both acknowledged that pressure of international public opinion was necessary to persuade North Korea to institute reforms and open up to the outside world, they said.

Nakayama and Choe, while expressing concern about reports that North Korea is developing nuclear weapons, shared the view that such concerns should be eliminated through international pressure.

Choe said Pyongyang's attitude to the planned historic meeting of prime ministers from North and South Korea in Seoul beginning September 4 was still unpredictable. Choe said it was disappointing that North Korea rejected calls by South Korean President No Tae-u to open the border to allow massive inter-Korean exchanges.

Nakayama remarked that the recent visit to Pyongyang by a delegation from the opposition Japan Socialist Party, during which North Korea agreed to a visit by a high-level mission of the ruling Liberal Democratic Party, has not yet created a climate for dialogue between the governments of Japan and North Korea. Nakayama assured Choe that Japan will seek development of relations with the north in close cooperation with the South Korean Government.

ROK Minister on Japanese Ties

SK3107072490 Seoul YONHAP in English 0550 GMT 31 Jul 90

[Text] Seoul, July 31 (YONHAP)—The foreign ministers of South Korea and Japan agreed Tuesday to resume annual ministerial-level conferences in Seoul in November to discuss science-technology cooperation, trade, co-prosperity in the 21st Century and other issues. The Foreign Ministry, citing a report from the South Korean Embassy in Singapore, said Foreign Ministers Choe Ho-chung and Taro Nakayama agreed to end a three-year break in the conferences during talks on Tuesday morning.

The two ministers are attending the second ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) in Singapore.

Choe told Nakayama that Seoul does not object to improvement of relations between Japan and North Korea, but hopes Tokyo will closely consult it in seeking an improvement.

Choe said improvement of Tokyo-Pyongyang ties should be sought in a way that contributes to North Korea's opening, its signing of the nuclear safeguards agreement of the International Atomic Energy Agency and substantial progress in inter-Korean dialogue.

Touching on agreements made by their nations during President No Tae-u's visit to Tokyo in May, the two said questions regarding the legal status of resident Koreans in Japan should be resolved soon.

They also discussed bilateral cooperation for the third APEC ministers' meeting, slated for Seoul in October next year.

Later in the day, Choe met with U.S. Secretary of State James Baker and asked him to convey Seoul's desire for more positive Soviet cooperation in promoting Seoul-Moscow ties when he visits the Soviet Union on Thursday.

Alatas on ASEAN Stance

BK3107100190 Kuala Lumpur BERNAMA in English 0921 GMT 31 Jul 90

[Text] Singapore, Jul 31 (OANA-ANTARA)—Indonesian Foreign Minister Ali Alatas said that ASEAN took a firm stand during discussions in the Asia Pacific Economic Cooperation (APEC) meeting and they (the developed countries) also knew that.

However, Alatas told the Indonesian press here Tuesday, the firmness of ASEAN did not mean that there was a confrontation in the meeting. He explained that it was normal for the developing countries to have a different nuance from the developed nations. But, it does not mean a confrontation, he reiterated.

ASEAN in the Tuesday session issues a joint statement separately from the APEC Declaration on the same issue, namely the Uruguay Round.

On principle, the ASEAN joint statement deplored the manner by which the advanced countries were conducting unfair and protected trade.

Minister Alatas stated that ASEAN stressed its own view in accords with its interest. ASEAN obviously expected the developed countries to do more including on giving market access, he pointed out.

On the possible membership of the three Chinas namely Hong Kong, Taiwan and the PRC, Alatas said that ASEAN was in favour of them in joining APEC, but it depended on the three nations whether they had agreed.

Giving his opinion on the prospect of the next APEC meeting in Seoul, South Korea, he stated that ASEAN still considered the APEC forum as a feasibility forum and would do so in the coming meeting.

Indonesian Trade Minister Arifin Siregar, who also joined the APEC meeting, was of the view that if the developed nations kept on demanding a concession to recompensate the request of the developing countries, the free trade agreement would not make any progress. Siregar explained that some privileges of the developed countries started to be reduced. If such an action was maintained, the free trade agreement would not yield any result, he continued.

On the impact of the Uruguay Round failure, the trade minister expressed his concern that if the meeting failed to reach agreement the developed countries would behave at will towards the developing nations. We had come across such an experience when they put embargo to our textile, he cited as example.

So far, according to him, the major industrialized countries focus their attention more on service business and other trade sector which did not involve the developing nations much. The provision of concession should be balanced so it would not be disadvantageous to any state, Arifin Siregar asserted.

ASEAN Police To Establish Data Base Center

BK2907071590 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 28 Jul 90

[Text] At today's closing of the 10th annual conference of ASEAN police chiefs, which was held in Kuala Lumpur, a joint communique was issued calling for the establishment of an ASEANPOL database center in Kuala Lumpur. A detailed study on establishing the center will be conducted soon.

The four-day conference was officially closed by the Malaysian police chief, Tan Sri Haniff Omar. According to the communique, the conference discussed a wide range of topics which covered illicit drug trafficking, commercial crime, counterfeiting, credit card fraud, firearms, smuggling, and the exchange of information on wanted persons.

Other issues touched on training, personnel exchange programs, and joint courses for senior ASEAN police officials.

Speaking to newsmen after the closing ceremony, Tan Sri Haniff said the proposal to establish the ASEAN police database center emulates the concept of the El Paso Intelligence Center (EPIC) in Texas, the United States. ASEAN member countries will benefit from the establishment of the center, as the United States has benefitted from EPIC.

Pacific Forum on U.S. Chemical Arms, Ecology

BK2907131890 Melbourne Overseas Service in English 0500 GMT 29 Jul 90

[Text] The Australian prime minister, Mr. Bob Hawke, has joined other regional leaders in Vanuatu to the annual meeting of the 15-nation South Pacific Forum. Radio Australia's South Pacific correspondent, Jemimah Gareth, reports from Port Vila that environmental issues will dominate the meeting. Gareth says the United States Army's plan to incinerate chemical weapons on Johnston Atoll is likely to generate the most heated debate.

Island nations downwind to Johnston Atoll are concerned about its impact on their marine resources. Mr. Hawke supports the burn and had said he will seek a compromise at the forum. After his arrival the Australian prime minister joined other heads of government for a day of informal and private talks. Other environmental issues on the agenda include driftnet fishing, the greenhouse effect, and the new South Pacific Environmental Protection Convention.

'Low Profile' Urged for Australia

BK3007082290 Melbourne Overseas Service in English 0500 GMT 30 Jul 90

[Text] The confidential briefing paper prepared in the lead up to the South Pacific Forum says Australia should aim to take a low profile on the controversial chemical weapons burn-off on Johnston Atoll and to give the prime minister, Mr. Hawke, maximum impact at the Port Vila summit.

From Port Vila, South Pacific correspondent Jemimah Gareth says Australia is the only Pacific nation to give Washington's incineration plans its backing. The confidential cable said that, providing proper environmental safeguards were observed, Australia supported the incineration of those weapons already on Johnston Atoll and the United States weapons stocks now located in West Germany at the Pacific burn site.

The document said Australia aimed to maintain a low profile in the run-up to the forum so that the Australian position could be put by the prime minister with maximum effect. The cable said Australia was concerned that if the West German gas was not destroyed soon, it could undermine international efforts for a worldwide ban on chemical weapons.

Last night, New Zealand's prime minister, Mr. Geoffrey Palmer, said New Zealand opposed the transportation of weapons from elsewhere but supported the destruction of weapons already on the atoll, since the facilities were very good.

The United States plans to incinerate six percent of its deadly nerve gas on Johnston Atoll, southwest of Hawaii, an amount which includes all its stocks now in West Germany.

Chemical Arms To Divide Forum

BK2907135190 Hong Kong AFP in English 1245 GMT 29 Jul 90

[By Michael Field]

[Text] Vila, July 29 (AFP)—U.S. plans to burn off chemical weapons on Johnston Atoll south of Hawaii will divide South Pacific nations meeting here this week, New Zealand Prime Minister Geoffrey Palmer said Sunday. He predicted that the leaders of 15 independent countries in the South Pacific Forum, due to begin formal sessions Tuesday [31 July], would not reach a consensus on the issue.

"The debate on Johnston Island will be a very important and significant one," Mr. Palmer said after a pre-forum, informal retreat for the leaders, who gathered early to celebrate Vanuatu's 10th anniversary of independence Monday.

Mr. Palmer said some Pacific nations wanted no chemical weapons destroyed on the Micronesian island and some favoured destroying only the stocks already stored there by the United States.

Australia and New Zealand appeared to view the weapons' destruction as good for the world, if not for the South Pacific.

Meanwhile, Australian Prime Minister Bob Hawke ruled out any go-between role for his government in resolving the issue, but he said Australia could "provide information that (Pacific nations) have a limited potential to obtain." Mr. Hawke said he would present forum leaders with scientific assessments that showed the U.S. chemical weapons incinerator at Johnston atoll had adequate environmental safeguards.

Mr. Palmer said he regretted that the United States last week began moving nerve gas stocks from West Germany for their destruction in the South Pacific. "I don't think it is a slap in the face for the forum but there could have been greater consultation," he said. Mr. Palmer said the atmosphere at the informal retreat, the first in three years, was "cooperative and very friendly."

Mr. Hawke said he expected that the forum, in addition to the chemical weapons issue, would discuss developments in French-ruled New Caledonia. "We must make sure we get a common position for the United Nations," he said.

Representatives from six additional countries with interests in the region were also to attend the forum. They were Britain, Canada, China, France, Japan and the United States.

On the question of Nauru's bid in the International Court of Justice for 72 million Australian dollars (56 million U.S.) compensation for environmental damage from pre-independence phosphate mining, Mr. Hawke said the tiny island state was entitled to sue Australia. "But the only people who will prosper in these situations

are the lawyers," he warned. Mr. Hawke said Australia had an obligation to help Nauru as part of its general approach to the Pacific but had no further obligation.

New Zealand Study on U.S. Plan

BK3007120490 Hong Kong AFP in English 1132 GMT 30 Jul 90

[By Michael Field]

[Text] Vila, July 30 (AFP)—The destruction of U.S. chemical weapons on a Pacific island south of Hawaii will not harm humans or the environment, a New Zealand scientific study released here Monday said.

But the environmental group Greenpeace immediately disputed the study, which was based on data provided by the United States. The group flew a University of London toxicologist here to Vanuatu with a 66-page study to convince leaders of the 15-nation South Pacific Forum, due to open Tuesday, to halt the destruction of the toxic chemicals. The burnoff of the chemical weapons, now being moved to Johnston Island atoll from their cold war storage bins in West Germany, was expected to dominate environmental debate at the forum.

Australia and New Zealand have taken a pro-burnoff stance. But Vanuatu Prime Minister Walter Lini said that even though he had not yet formed an opinion, some of Johnston Island's neighbours might not go along with U.S. wishes.

Greenpeace has "substantial concerns" about the way the chemicals are to be destroyed and favours a different method, said toxicologist Dr. Paul Johnston. "It's an unproven technology," he said.

The study was released by New Zealand Prime Minister Geoffrey Palmer. It was compiled by the Department of Scientific and Industrial Research (DSIR) with data provided by the United States.

"DSIR believes that operations at the atoll will be as safe as the claims state, and that environmental effects will be limited to those resulting from residence of a few additional army personnel on the atoll," the study said. "The technology described and the measures adopted to ensure safe operation reflect a determination to achieve the best possible result without regard to cost or effect," it said. "The disposal facility represents a sincere concern for human safety and environmental protection."

The DSIR said there was insufficient time for detailed discussions with the United States, and that the weapons' destruction should go ahead as planned.

Concerning the procedures for moving the gases from West Germany, the study said that if precautions were adhered to "the chance for mishaps will be negligible." It said the process at Johnston Island has many safety interlocks that would ensure prompt and orderly shutdown in the event of equipment problems, and was "virtually immune to human error."

But Dr. Johnston said Greenpeace was concerned that vapours could leak from containment buildings, and that other countries—such as Australia and the Soviet Union—would begin to use Johnston Island as a dumping ground for their own chemical weapons stockpiles.

Australian Prime Minister Bob Hawke said he has a study supporting the New Zealand conclusion, which will be released shortly.

Greenpeace's Pacific campaigner Bunny McDiarmid said the organization could take direct action to stop the weapons' destruction. But she said it would not be directed at the ships of the facilities themselves because it "would be too dangerous." "If we take direct action it will be in a form not usually associated with Greenpeace," she said.

Johnston Island has been a storage site for U.S. chemical weapons, including the Vietnam War defoliant Agent Orange, for 40 years.

Scientific Study Proposed

BK3107110490 Melbourne Overseas Service in English 0800 GMT 31 Jul 90

[Text] Australia's Prime Minister Mr. Hawke says he urged the South Pacific Forum to send an independent scientific mission to assess the American chemical weapon incineration plant on Johnston Atoll, and he said if any serious safety problems were found, it would be (?right) for Australia to campaign against the burn.

Radio Australia's South Pacific correspondent, Jemimah Gareth, who is in Port Vila, says Mr. Hawke admitted that island nations had raised serious questions about the incineration. The prime minister said his support for the plan was based on the condition that the weapons to be burned be limited to those already on the atoll, those located in West Germany, and others in the Pacific region.

No Consensus on U.S. Plan

BK0108070490 Melbourne Overseas Service in English 0500 GMT 1 Aug 90

[Text] The 15-nation South Pacific Forum appears to be having difficulty reaching consensus on the United States chemical weapons incineration program on Johnston Atoll. In Port Vila, South Pacific correspondent Jemimah Gareth says that although the forum's final communique had been expected by lunch time, the heads of government have adjourned for the break without a resolution of the issue.

At a brief media conference, the Australian prime minister, Mr. Bob Hawke, said that during formal discussions, he presented three scientific reports on the issue

Japan

Soviets Urge Japan, U.S. To Improve DPRK Ties

OW3107183390 Tokyo KYODO in English 1508 GMT 31 Jul 90

[Text] Moscow, July 31 (KYODO)—Soviet officials Tuesday urged Japan and the United States to improve their ties with North Korea which Moscow says is a key factor for stability in northeast Asia.

The call came on the second day of the current Japan-Soviet vice foreign minister talks, Japanese officials said.

The Soviet delegation, led by Vice Foreign Minister Igor Rogachev, told the Japanese that better ties between Tokyo and Washington, and Pyongyang would contribute to a healthy situation in the region, the officials said.

The Japanese team, headed by Deputy Foreign Minister Hisashi Owada, pledged to work toward a breakthrough in Japan's relations with North Korea, noting that former Deputy Prime Minister Shin Kanemaru is scheduled to visit North Korea in the fall.

On China, the officials said the Soviet side expressed Moscow's intention to improve relations with Beijing and turn the two countries into a "trustworthy partnership." The two sides also agreed to support China in its reform efforts.

Turning to Cambodia, the Japanese and Soviet diplomats pledged cooperation on the Cambodian peace initiative. The two sides agreed to work toward a comprehensive peace solution in Cambodia by setting up the Supreme National Council, a joint interim ruling body expected to comprise both the Heng Samrin government and the three-party resistance coalition.

The two sides resumed their session Tuesday afternoon, which was expected to focus on bilateral ties.

Japan, Soviet Union To Expand Cooperative Ties

OW3107232590 Tokyo KYODO in English 2304 GMT 31 Jul 90

[Text] Moscow, July 31 KYODO—Japan and the Soviet Union agreed on Tuesday to expand the scope of their cooperative relationship to pave the way for a successful Japan visit by Soviet President Mikhail Gorbachev next spring, Japanese officials said.

Officials of the two countries agreed to conclude a new trade and payments agreement by the end of this year and to open talks on conclusion of an environment protection pact.

During the second day of high-level consultations with Soviet officials, Japanese Deputy Foreign Minister Hisashi Owada offered to extend technical support for Gorbachev's perestroyka restructuring efforts and medical assistance for the sufferers in the Chernobyl nuclear disaster. The Soviet Union welcomed the Japanese initiative as "constructive," the officials said.

Owada's offer was contained in a 10-point package of proposals aimed at expanding the bilateral cooperative relationship, which also included calls for promoting scientific and technological, cultural, and personnel exchanges. The package also called for expanding Japan-Soviet economic relations on a commercial basis which should be "reciprocal, adequate, and practicable."

The two sides agreed to prepare documents on widening their cooperative ties before Gorbachev goes to Tokyo next year, the officials said. Gorbachev, who has repeatedly told Japanese officials and visitors that he is going to Tokyo next year, will be the first Kremlin leader ever to visit Japan.

Owada headed a Japanese delegation during the two days of consultations with a Soviet team led by his Soviet counterpart Igor Rogachev. Owada and Rogachev are scheduled to have another round of talks on Wednesday to discuss the conclusion of a bilateral peace treaty. Japanese officials said the talks will tackle Japan's long-standing call for the return of four Soviet-held islands off Hokkaido.

Kaifu Promises Exchange of Personnel With USSR

OW2907055190 Tokyo KYODO in English 0539 GMT 29 Jul 90

[Excerpt] Ichinomiya, Aichi Pref., July 29 KYODO—Prime Minister Toshiki Kaifu said on Sunday that Japan will expand personnel exchange with the Soviet Union in assisting reform efforts in the country. In a news conference at his constituency here, Kaifu said, "(Japan) has accepted study commissions on economic and administrative reforms from the Soviet Union. (Japan) will positively accept similar research missions if it is useful for democratization and economic development in the Soviet Union. It is also good to expand exchanges of students and researchers."

Kaifu said he hopes to promote interdependence between the two countries in field of business in which intellectual cooperation is possible. [passage omitted]

Miyazawa Briefs Kaifu on Talks With Jiang Zemin

OW3107141990 Tokyo NHK General Television Network in Japanese 0300 GMT 31 Jul 90

[Text] Former Deputy Prime Minister Miyazawa, who returned home last evening after winding up his visit to China, called on Prime Minister Kaifu this morning to report on the result of his trip to China. He reported that China hopes the resumption of Japan's third yen credit will serve as momentum to help stabilize its economy.

The former deputy prime minister said at the meeting that, although he thinks China has weathered the most difficult period in its economic difficulties, it hopes that the resumption of Japan's yen credit will serve as a

momentum to help stabilize its economy. In this sense, he said, China appears to appreciate Japan's policy of lifting the freeze on the third yen-based credit.

Former Deputy Prime Minister Miyazawa also reported that General Secretary Jiang Zemin, commenting on the call by Western countries for further democratic reform in China, sought the West's understanding of Chinese efforts for democratization. Miyazawa said that, at his talks with the Chinese leader yesterday, General Secretary Jiang Zemin stressed that China respects democracy of its own style.

Prime Minister Kaifu reportedly did not express any particular views in this regard.

Soka Gakkai's Ikeda Returns From Soviet Union

OW3107101290 Tokyo KYODO in English 0844 GMT 31 Jul 90

[Text] Tokyo, July 31 KYODO—Daisaku Ikeda, the leader of the lay Buddhist organization Soka Gakkai, returned to okyo on Tuesday from a weeklong visit to the Soviet Union. During his stay in Moscow, Ikeda met with Soviet President Mikhail Gorbachev and other Soviet leaders.

Poll Addresses Japanese-South Korean Relations

OW0108041390 Tokyo KYODO in English 0309 GMT 1 Aug 90

[Text] Tokyo, Aug. 1 KYODO—A record 66 percent of South Koreans surveyed dislike Japan and nearly 80 percent of all Koreans polled in the same survey are dissatisfied with Japan's apology for its colonial rule of the Korean peninsula before and during World War II, according to a joint Japan-South Korea opinion poll published Wednesday.

Fifty-one percent of South Koreans think that relations between their country and Japan will remain unchanged in the future, against 35 percent who thought relations would improve and 5 percent who said they would worsen, the poll found.

The opinion poll, covering 3,000 adults in Japan of whom 2,339 responded, and 2,021 respondents in South Korea, was taken jointly by the Japanese and South Korean national newspapers, ASAHI SHIMBUN and TONG-A ILBO, in late June through early July.

The survey came a month after President No Tae-u accepted a Japanese apology for the 1910-1945 colonial rule of Korea in a statement issued upon his return from a visit to Tokyo in May.

Only 8 percent of the South Koreans polled voiced satisfaction with the Japanese apology, while 79 percent expressed dissatisfaction.

Eighty percent of the surveyed Koreans also voiced discontent with Japanese proposals to improve the treatment of Korean residents in Japan made at foreign ministerial-level talks that preceded No's Japan visit.

These included exemption of third-generation Korean residents in the country from compulsory fingerprinting under the alien registration law.

Forty-seven percent of the Japanese pollees also thought the proposals on the treatment of Korean residents of Japan were "insufficient."

The option that all Koreans in Japan should be exempted from compulsory fingerprinting in light of the historical relationship between the two countries was supported by 42 percent of the Koreans surveyed, and 14 percent of the Japanese, while 39 percent of Japanese and 36 percent of Koreans thought the fingerprinting requirement should be abolished for all foreign residents of Japan. Thirty-six percent of Japanese thought the fingerprinting requirement was reasonable.

The ratio of dislike of Japan among the Korean pollees shot up to a record 66 percent from 51 percent in the previous poll in 1988, while those who said they liked Japan dropped to 5 percent from 14 percent. Japanese who replied they disliked South Korea rose from 21 percent in 1988 to 23 percent this time.

On the question of the possibility of another outbreak of war on the Korean Peninsula, 60 percent of the Koreans and 70 percent of the Japanese covered responded that it was unlikely.

The bright prospect that North and South Korea would be reunited in future was backed by 61 percent of the Korean pollees and 42 percent of the Japanese, compared with 33 percent and 15 percent, respectively, in the previous survey.

Fifty-four percent of the South Korean respondents forecast improved relations with North Korea after South Korea and the Soviet Union establish diplomatic ties. South Korea President No and Soviet President Mikhail Gorbachev, at a June summit in San Francisco, agreed in principle to establish ties. This view won the support of 38 percent of the Japanese pollees, the survey said.

Honda To Expand Motorcycle Maintenance in China

OW0108105890 Tokyo KYODO in English 0928 GMT 1 Aug 90

[Text] Tokyo, Aug. 1 KYODO—Honda Motor Co. said Wednesday it will boost its motorcycle maintenance and repair services in China, a rapidly-growing motorcycle market. The company said it will increase its service centers in the country to 30 from the current four by the end of 1992.

The motorcycle market in China has shown a marked expansion in recent years, with motorcycle owners doubling to about five million during the past three years. Honda supplied about 74,000 motorcycles to China in 1989, around 11,000 through local production plant and 63,000 through exports.

The company also said it plans to support the activities of three planned motorcycle maintenance technology schools there, to be jointly established by China Jianling Machine Factory, Shanghai-Ek Chor Motorcycle Co. and Guangzhon Motorcycle Corp. in 1992, by providing necessary facilities and equipment.

EPA: Economy 'in Unexpectedly Good Shape'

OW2707035590 Tokyo KYODO in English 0109 GMT 27 Jul 90

[Text] Tokyo, July 27 KYODO—The Japanese economy, which is now in its second-longest postwar growth period, remains in an expansionary phase amid healthy domestic demand, the government said Friday.

The Economic Planning Agency (EPA) said in a report that the nation's economy entered its 44th month of consecutive expansion in July, the second longest period after the 57-month growth seen between November 1965 and July 1970. In June, the current economic boom, which has continued since December 1986, surpassed the previous second-longest growth spell from June 1958 to December 1961.

"The Japanese economy is in unexpectedly good shape, hardly hurt by the series of hikes in the official discount rate by the Bank of Japan (BOJ) since May last year," an agency official said.

Citing a set of recent economic indicators, the report said the spending appetite of the Japanese people remains strong, as reflected in brisk retail and auto sales, and booming tourism. Capital spending is also on the rise, with not only big enterprises but small-to-medium sized companies, hit hardest by the financial market slump early this year, willing to invest more in plants and equipment.

The economic boom is also mirrored in growing housing starts, which posted an annualized 1.83 million units in May, the highest level since 1.86 million units in November 1973, the report said.

Equally in a marked expansion is industrial production, especially that of general and industrial machineries, it said.

Cheered by brisk earnings and diminishing failures, many Japanese companies expect their futures to be even rosier.

The three-and-a-half year economic growth, however, is putting pressure on the already tight labor market. The ratio of job offers to job seekers was 1.41:1 in May, rising above the 1.4:1 line for the first time since March 1974.

The effect of the labor crunch on prices has been discountable so far, though a close watch should be maintained on the price trend amid expanding money supply, the EPA report said.

Meanwhile, the agency downplayed a reversal in the downtrend in Japan's exports and a slowdown in imports in recent months, saying that current account surplus will continue to decline despite temporary ups and downs.

Kaifu: Self-Sufficiency in Rice To Remain Policy

OW2707175890 Tokyo KYODO in English 1359 GMT 27 Jul 90

[Text] Tokyo, July 27 KYODO—Prime Minister Toshiki Kaifu reassured farmers Friday that his government will stick to the policy that Japan should supply all its own rice. "There is no basic change in our principle of maintaining self-sufficiency in rice," Kaifu said in a speech before a national meeting of managing editors sponsored by KYODO NEWS SERVICE.

Kaifu's remarks were in contrast to his recent comment that he encourages discussion of Japan's virtual ban on rice imports. Last week in a televised interview Kaifu said he welcomed spreading debate among parliamentarians on Japan's restrictions on rice imports.

Asked by a news editor from a rice-growing region what message he had for young farmers who see a bleak future, Kaifu said he intends to gain international understanding of Japan's policy on food security at the Uruguay Round of multilateral trade talks, slated for conclusion in December. "At the upcoming Uruguay Round of the General Agreement on Tariffs and Trade (GATT), the United States and the European Community (EC) will make clear their views, and Japan will sincerely state its basic position," Kaifu said.

The premier noted that earlier this month he gained the recognition of leaders of major industrialized nations at their summit in Houston on Japan's position on "food security." The seven summit leaders said in an economic statement that negotiations on agriculture should take into account concerns about food security.

Mongolia

Ulaanbaatar Announces Ochirbat Election Victory

OW3107145290 Ulaanbaatar International Service in English 0910 GMT 31 Jul 90

[Text] According to a preliminary result, in general elections held last Sunday, Chairman of the ruling Mongolian People's Revolutionary Party Central Committee Gombojabyn Ochirbat has beaten his challenger, Dabaandorjiyn Ganbold of the Party National Progress, by a majority of votes. This was announced by the MONTSAME PRESS AGENCY.

According to Mr. Aharbayar of the Free Labor Party, a repeat voting may be held in eight out of 52 election constituencies of Ulaanbaatar.

Opposition To Be Represented First Time in Hural

LD3107124290 East Berlin ADN International Service in German 1134 GMT 31 Jul 90

[Text] Ulaanbaatar (ADN)—For the first time in the history of the Mongolian People's Republic, the opposition will be represented in the newly elected parliament. The communist Mongolian People's Revolutionary Party [MPRP] will have 343 deputies in the People's Great Hural; the Democratic Party, 23; the National Progress Party, seven; the Social Democrats, four; and the Party of Free Labor, one deputy. These interim election results were announced by the deputy chairman of the Central Electoral Commission, Baytadsagiyn Hurmetbek, in Ulaanbaatar yesterday. However, the figures are only based on 402 of the 430 constituencies. In 28 constituencies the elections will have to be repeated within the next four weeks, as none of the candidates reached the necessary majority.

In the Small Hural, the future legislature, the MPRP reached approximately 60 percent, the Democrats 24 percent, and the Progress Party some six percent, while the Party of Free Labor and the Greens achieved just over one percent each of the votes.

The official final result is to be published 10 days after the elections.

Ochirbat on Poll Results, Coalition Government

OW0108100190 Ulaanbaatar International Service in English 0910 GMT 1 Aug 90

[Text] Chairman of the Mongolian People's Revolutionary Party [MPRP] Central Committee, Gombojabyn Ochirbat, speaking at a press conference in Ulaanbaatar, said that according to the preliminary outcomes of the general elections held last Sunday, the Mongolian People's Revolutionary Party [MPRP] has won not less than 70 percent of the seats in the Great People's Hural and not less than 50 percent of seats in the state's Small Hural. He noted that the preliminary returns have revealed the support given by the majority of the electorate to the MPRP's course on ensuring political stability in the country and national unity. Mr. Ochirbat stressed that this course will be further continued.

Leader of the ruling MPRP spoke for a coalition government in Mongolia. New state authorities must reconsider and basically renew the present Constitution of Mongolia in order to foster democracy and human rights, he said. He specially emphasized the importance of the Law on Religion and the Law on Mass Media.

Opposition Denies Restrictions on Candidates

LD0108083890 East Berlin ADN International Service in German 0806 GMT 1 Aug 90

[Excerpt] Ulaanbaatar (ADN)—The Mongolian opposition today denied reports from Western news agencies that they were able to put forward only 100 candidates in the recent parliamentary elections. Sanshasurengijn Sorig, the chief coordinator of the Mongolian Democratic Union, told ADN that the authorities had not placed any restrictions on the opposition parties regarding the number of candidates.

The Mongolian Democratic Party alone had put forward 198 candidates, the Social Democratic Party 98, and the National Progress Party 82 candidates for the 430 parliamentary seats. The majority of these, however, had been eliminated in the preliminary ballot. [passage omitted]

Batbayar: Elections 'Big Step Toward Democracy'

OW0108103490 Ulaanbaatar International Service in English 0910 GMT 1 Aug 90

[Text] Leader of the Mongolian Social Democratic Party Batbayar, speaking at a press conference in Ulaanbaatar, said this year's elections have become a big step toward democracy. He said the Social Democrats have won less votes than expected—five seats in the Great People's Hural and three seats in the state's Small Hural. He explained this by the little possibility for the people, who for a long period of time have been under the (?pressure) of single ideology, to see who is who and what is the whole situation like.

Mr. Batbayar also noted that in his opinion, after the elections, the ruling MPRP [Mongolian People's Revolutionary Party] is unlikely to stick anymore to the orthodox communist ideals and will have to cooperate with other political parties, said Mr. Batbayar.

Election Commission Chairman: 'Outstanding Event'

OW0108105390 Ulaanbaatar International Service in English 0910 GMT 1 Aug 90

[Text] Chairman of the Central Election Commission, Mr. Gurragchaa, has granted an interview to an UNEN correspondent in which he says that July the 29th 1990 general elections will remain in Mongolia's history as an outstanding event. It took place in the conditions of the (?quiet), new political phenomena—the multiparty system.

This year's election was observed by journalists and political observers from more than 20 countries, says Mr. Gurragchaa. He notes that in general the election process went on normally, though some details of elections should be more sought out in the future. A number of provisions of the Law on Elections should be renewed, underlines Mr. Gurragchaa.

Trade, Cooperation Minister on Economic Openness

OW2607152590 Ulaanbaatar International Service in English 1200 GMT 26 Jul 90

[Text] Speaking at a press conference in Ulaanbaatar, Minister of Trade and Cooperation Nadmidyn Babuu said Mongolia is set to energetically implement the policy of economic openness. In March a law on foreign investments was passed which came in force in May. It proved very fruitful, as seven foreign firms have shown interest in doing business in Mongolia.

For instance, Japanese firms have started building a ferrous works. American businessmen are ready to participate in the construction of an enterprise to (?tan) camel wool. British firms will participate in oil prospection in Mongolia. Regular air traffic is discussed with Japan, Hong Kong, and Singapore.

Recently Mongolia has requested an International Monetary Fund membership, as well as a membership in the Asian Development Bank. As of January 1991, Mongolia will be effecting foreign trade and economic payments in convertible currency at world prices. Foreign firms investing in the Mongolian economy will be granted several preferential terms and can invest into all branches, priority being given to new technology, agriculture, communications, and tourism.

Mr. Babuu said Mongolian citizens can eventually set up private enterprises in cooperation with the foreign business.

Minister of Heavy Industry Sodobyn Bathoyag also spoke at the press conference in Ulaanbaatar. He said his ministry is ready to cooperate with interested foreign firms at world prices. There is social interest, there is high profitability and small capital investment, he said.

The Ministry of Heavy Industry enjoys a third of total national investment, and produces 40 percent of all export items. Leading producers of export items are joint Mongol-Soviet Amalgmations Erdenet and the Mongol-Soviet (?Erdenet) as well as joint Mongol-Bulgarian, Mongol-Czechoslovakian enterprises. Mr. Bathoyag said small and medium-sized joint ventures will be encouraged in all ways, especially those using Western technology and producing finished materials, including metal, to be sold on the world market. He said that so far, Japanese, Sweden, Finnish, Chinese, and Soviet enterprises have shown interest in these ventures.

Dzardyhan Discusses Education, Health Care

OW2607193190 Ulaanbaatar MONTSAME in English 1740 GMT 26 Jul 90

[Text] Ulaanbaatar, 26 Jul (OANA-MONTSAME)—K. Dzardyhan, deputy chairman of the MPR [Mongolian People's Republic] Council of Ministers, had a meeting today with Mongolian and foreign journalists at the press-centre at the MPR Foreign Ministry.

It is four months that changes were made in the composition of the MPR Council of Ministers, K. Dzardyhan said. He gave a thorough briefing on the restructuring processes going on in the sphere of public education, health care and culture for which he is responsible in the cabinet.

The retardedness of the social sphere should be attributed to the difficult economic situation, K. Dzardyhan said. The Mongolian Government made appropriate conclusions from the fact that the living standards of the Mongolian population are for lower than the world average. Concrete pprogrammes were worked out and are being implemented to close this gap in the nearest years. Today Mongolia is on the threshold of a new stage in its development and a struggle is going between old and new, he said. The ultimate goal is to accelerate the development of the country's national economy and culture, to enter the world market and to carry out democratic transformations aimed at bettering the life of the Mongolian people, K. Dzardyhan emphasized.

North Korea

'Strong Protest' Lodged Over Tank in DMZ

SK3107134590 Pyongyang Domestic Service in Korean 1300 GMT 31 Jul 90

[Text] The South Korean puppets have committed a criminal act of bringing a tank into an area inside the DMZ [demilitarized zone] in the eastern part of the front line.

At about 1540 [0640 GMT] on 31 July, the South Korean puppets brought a tank to a place about 1,200 meters southeast of the military demarcation line marker No. 1110 inside the DMZ in the eastern part of the front line.

This is a wanton violation of the Military Armistice Agreement and a criminal act of making the situation within the DMZ tense.

Major General Choe Ui-ung, senior member of our side to the Military Armistice Commission, today lodged a strong protest with the enemy over the latter's grave criminal act and sent a telephone message to the senior member of the U.S. side in which he strongly demanded that the tank that was brought in illegally be taken out of the DMZ right away.

Red Cross To Deliver Letter for No at Panmunjom

SK0108105390 Pyongyang KCNA in English 1044 GMT 1 Aug 90

[Text] Pyongyang August 1 (KCNA)—Yi Song-ho, acting chairman of the Central Committee of the Red Cross Society of the DPRK, today sent a telephone message to Kim Sang-hyop, president of the South Korean Red Cross.

At the request of the Korean Committee of the Struggle for the Release of Yim Su-kyong the message said, two liaison officials will be sent to the conference room of the

Neutral Nations Supervisory Commission at Panmunjom at three P.M. August 2, 1990 to convey a letter of Yo Yon-ku, chairwoman of the committee, to the "president" of South Korea. I hope your side will take a corresponding measuce.

N-S Conflict Over Pan-National Rally Continues

Chonminnyon Visit Urged

SK3107153590 Pyongyang KCNA in English 1513 GMT 31 Jul 90

[Text] Pyongyang July 31 (KCNA)—The spokesman for the North side's preparatory committee for the Pan-National Rally gave the following answers to questions of a reporter on the fact that the South Korean authorities are trying to create obstacles to the rally, still coming out with the "all strata doctrine":

The South Korean authorities who feel serious uneasiness about the opening of the August 15 Pan-National Rally which will be held amid the great concern and expectation of the whole nation are, with its approach, openly working to lay hurdles in the way of its convocation, persisting in the "all strata doctrine."

On July 27, the South Korean "unification viceminister" declared that the participation of the "coalition for national democratic movement" [National Democratic Alliance of Korea] (Chonminnyon) would not be allowed, unless "all strata" are involved in the third preliminary talks slated in Pyongyang on August 6 as well as in the August 15 Pan-National Rally, adding that the participation of Chonminnyon would be decided by whether it would include "all strata", or not.

We, of course, consider that compatriots of all strata at home and abroad, regardless of the differences in region and residence, ideology and political view, should sit at one table in the dialogue for reunification and discuss the important matters of the nation together.

However, it is as clear as noonday that the dialogue will be one beneficial to national unity and reunification only when it involves people of all social standings who truly want reunification.

Should the anti-communist elements who incite confrontation within the nation, ultra-rightist separatist organizations which seek only the creation of "two Koreas" and permanent division of the country thrust themselves in the pure dialogue for reunification under the name of "all strata," it would be harmful in every way to promoting national reconciliation and opening a short cut to reunification.

As a matter of fact, those whom the South Korean authorities describe as "all strata" these days, by origin, cannot be regarded as all strata in South Korea.

They are neither workers and peasants nor intellectuals and religious men who love the country and the nation. They are dyed-in-the-wool political mountebanks who act as servants of the fascist dictatorial power, tightly glued to them.

They are clean indifferent to the three principles of national reunification and the reunification of the country.

It is preposterous, indeed, that they are trying to participate in the preliminary contact in Pyongyang as well as in the Pan-National Rally along with Chonminnyon which really involves people of all strata.

Considering, moreover, that delegations to the third preliminary contact following the first and second have already been decided by the North, South and overseas promotion headquarters which have promoted the Pan-National Rally, the participation of the anti-communist splittists here can never be permitted in any case.

We believe that the South Korean promotion headquarters including Chonminnyon and Chondaehyop [National Council of Student Representatives] share the same view with us on this principled matter.

Who would open the door for robbers, knowing their true color?

We hold that the South Korean authorities should know they can deceive nobody even though they suddenly cry about the absurd "all strata doctrine" after persistently opposing independent non-governmental dialogue involving all strata under the pretext of "unified channel of dialogue" up to now, and should hinder no longer Chonminnyon, Chondaehyop and other South Korean patriotic democratic forces of reunification from participating in the Pan-National Rally.

If they truly want "free travel", the South Korean authorities should prove that their words are not a lie by allowing delegates of Chonminnyon and Chondaehyop to take part in the preliminary contact.

We consider that there is no reason or ground to bar the Chonminnyon from participating in the third prelimary contact and the August 15 Pan National Rally, since the "unification minister" stated at the "joint press conference of three ministers" that they would allow Chonminnyon to visit Pyongyang if it applied for it.

The South Korean authorities should act with discretion, clearly seeing that world people are laughing at the two conflicting statements made by the "minister" yesterday and "vice-minister" today of the same "Unification Board".

'Anti-Communist' Organs Decried

SK3107103090 Pyongyang KCNA in English 1022 GMT 31 Jul 90

[Text] Pyongyang July 31 (KCNA)—The South Korean authorities are scheming to let anti-communist, anti-reunification subsidized organizations participate in the preliminary contact and the Pan-National Rally in an

attempt to blemish the sacred character and purport of the rally, lay difficulties and obstacles in the way of the rally and eventually foil the rally itself, says NODONG SINMUN today.

In a by-lined article the paper goes on:

As for the "Free General Federation," "Council for National Reunification," "Committee for Promoting Reunion of 10 Million Separated Families" and 55 other organizations, which the South Korean puppet rulers try to thrust in the Pan-National Rally under the veil of "all strata", they were framed up by the puppets themselves as anti-communist, anti-reunification subsidized organizations which are pursuing North-South confrontation, seeking permanent division of the country and claiming "reunification by prevailing over communism".

The character of the Pan-National Rally and the qualification for participation in it have been consulted and decided on by the "coalition for national democratic movement (Chonminnyon)," its initiator, the North side and the overseas headquarters for the promotion of the Pan- National Rally.

As for "Chonminnyon", it is a mass political organization involving South Korean people of all strata.

The article further says:

The South Korean authorities unilaterally decided on the participation of the abovementioned 58 government-patronized organizations in the Pan-National Rally, claiming that "all strata" should attend it, and try to thrust them in the preliminary contact before the rally. This is a rude act little different from the action of hooligans who jump into other's feast and overturn the table.

We, from the stand to make the Pan-National Rally an occasion of an epochal turn in a grand march towards national reunification and a historical rally of the patriotic, national and democratic forces for reunification, can never allow the 58 government-controlled anti-communist, anti-reunification organizations to participate in the rally.

If they want to participate in the rally, they should unconditionally support the three principles of national reunification—independence, peaceful reunification and great national unity—and officially make clear their stand for demanding the release of the leading cadres and members of "Chonminnyon", "Chondaehyop" [National Council of Student Representatives] and other national democratic organizations who conducted righteous activities for national reunification.

Otherwise, they will not be allowed to participate in it.

They must not recklessly act as a shock brigade of the No Tae-u clique but look straight at the trend of the times and the desire of the nation and act with discretion.

SKNDF 'Denouncing' No Group

SK0108051190 Pyongyang KCNA in English 0449 GMT 1 Aug 90

[Text] Pyongyang August 1 (KCNA)—The No Tae-u group must see squarely the warm response and desire of the people who had so earnestly hoped for a success of the July 26 Seoul preliminary contact to prepare for the Pan-National Rally and unconditionally permit participation of the "coalition for national democratic movement" [National Democratic Alliance of Korea] (Chonminnyon) in the third preliminary contact due in Pyongyang.

A spokesman for the South Korean National Democratic Front (Hanminjon) [SKNDF] said this in a commentary published on July 28 denouncing the No group for barring the North side's delegation from participating in the Seoul preliminary contact for the preparation of the Pan-National Rally, according to radio Voice of National Salvation [VNS].

He branded the No group's insolent attempts to poke its nose in the Pan-National Rally, a civilian-level dialogue for reunification, as an attempt to make the authorities play first fiddle through the "unified channel of dialogue" running counter to reunification.

This cannot but be regarded as a subversive act to trample underfoot just on the eve of its opening the Pan-National Rally which our people including Chonminnyon have promoted, undergoing all sorts of hardships and overcoming difficulties, he declared.

Recalling that the No group committed a fraud, telling a lie, in the working contact with the North side as regards the second preliminary contact for the preparation of the Pan-National Rally, he said this fact confirmed once again that the traitor No Tae-u's "proposal of August 15 inter-Korean exchanges of people" is a political jugglery to deceive the people.

If the No group remains deaf to the solemn warnings of our Hanminjon and the entire fellow countrymen and give up its wicked intention to foil the Pan-National Rally, it would face a stern judgement by the people, stressed the spokesman.

Trade Head Denounces 'Foil'

SK0108051490 Pyongyang KCNA in English 0454 GMT 1 Aug 90

[Text] Pyongyang August 1 (KCNA)—The South Korean authorities must clearly see that the more desperately they try to foil the Pan-National Rally which draws great interest of the nation the fiercer accusations they will invite from all the fellow countrymen.

Won Tong-ku, chairman of the Central Committee of the General Federation of Trade Unions of Korea, in his press statement July 31 recalled that the South Korean

authorities abruptly came up with "a principle of participation of all strata" to make 58 anti-communist ultra-rightist organizations "vow" to participate in the rally and, at the same time, resorted to a trick as if they would allow the delegation of the North side to participate in the second preliminary contact due in Seoul.

The statement says:

The South Korean authorities are trying hard to thrust the "government"-controlled and subsidized anti- reunification organizations into the third preliminary contact slated for August 6 in Pyongyang in an effort to foil the Pan-National Rally at any cost.

Now the South Korean people condemn such criminal attempts of the authorities as "an insincere, dishonest attitude toward national dialogue" and "unreasonable meddling in the civilian-level independent exchange, and delegates of the South Korean "coalition for national democratic movement" [National Democratic Alliance of Korea] (Chonminnyon) and Koreans from overseas fully approved and supported the points agreed at the first preliminary contact and are renewing their determination to make all efforts to successfully hold the third preliminary contact in Pyongyang.

With no amount of intrigues to foil the Pan-National Rally can the South Korean authorities break the strong will of the fellow countrymen for reunification or frustrate the rally.

The working class in the northern half of Korea express the belief that representatives of workers will take an active part in the historical Pan-National Rally together with the delegates of Chonminnyon and thereby make a contribution to the successful holding of the rally.

Message on Safety Guarantee

SK0108093090 Pyongyang Domestic Service in Korean 0800 GMT 1 Aug 90

[Telephone message from Yun Ki-pok, chairman of the North side's preparatory committee for the Pan-National Rally, to South Korean Prime Minister Kang Yong-hun, on 1 August—read by announcer]

[Text] To Kang Yong-hun, prime minister of the ROK [taehanminguk]:

The day when the Pan-National Rally will be held with splendor amid the great expectations and interest of all the fellow countrymen is approaching with each passing day. The Pan-National Rally will be held for the first time in 45 years of national division, and it will be an event of special significance in the long history of our nation's reunification movement.

It is the firm will of the people from all walks of life of the North, the South, and overseas to make the Pan-National Rally a success. In fact, there will be no obstacles to the visit to our side's area by the delegates of the National Democratic Alliance of Korea [Chonminnyon], who are determined to participate in the Pan-National Rally and the third round of preliminary contacts to be held prior to it despite your authorities' continuous obstruction, nor will they have to go through complicated procedures.

If the Chonminnyon delegates pass through Panmunjom and enter our side's area, the North side's preparatory committee for the Pan- National Rally will be the host and will warmly welcome and guide them, and our authorities will be responsible and will guarantee their personal safety.

Therefore, we inform you that we will deliver to your side, at the conference room of the Neutral Nations Supervisory Commission in Panmunjom at 0800 [2300 GMT on 5 August] on 6 August, a memorandum by our side's authorities guaranteeing the personal safety of the Chonminnyon delegates who will participate in the third round of preliminary contacts to be held in Pyongyang.

[Signed] Yun Ki-pok, chairman of the North side's preparatory committee for the Pan-National Rally
[Dated] 1 August 1990

KCNA on Delivery of Message

SK0108105090 Pyongyang KCNA in English 1034 GMT 1 Aug 90

[Text] Pyongyang August 1 (KCNA)—Yun Ki-pok, chairman of the North side's committee for the Pan-National Rally, informed the South side that a note of our side's authorities on guaranteeing the personal safety will be handed to the South side at 8 on the morning of August 6 at the conference room of the Neutral Nations Supervisory Commission in Panmunjom for the delegates of the coalition for national democratic movement [National Democratic Alliance of Korea] (Chonminnyon) coming to the third preliminary contact to be held soon in Pyongyang.

In a telephone message to the South Korean "Prime Minister" Kang Yong-hun today he said that to bring the Pan- National Rally to success is an unshakable will of the people from all walks of life in the North, South and overseas. There are, in fact, no obstacles and complicated formalities for the visit to our side's area by the delegates of Chonminnyon who are strongly resolved to participate in the Pan-National Rally and the third preliminary contact to be held before it, in defiance of the persistent obstructions of the South Korean authorities, he said.

If the Chonminnyon delegates come to our side's area through Panmunjom, he noted, the North side's preparatory committee for the Pan-National Rally will cordially greet and guide them as the host and our authorities will guarantee their personal safety in a responsible manner.

Firings on Protesters in South 'More Frequent'

SK0108044390 Pyongyang KCNA in English 0438 GMT 1 Aug 90

[Text] Pyongyang August 1 (KCNA)—Police firings at protesters have become more frequent in South Korea these days.

On July 16, fascist police fired at the students who attacked the Kumjong district building of the "Democratic Liberal Party" (DLP) in Pusan in protest against the high-handed ramming of evil laws through the puppet National Assembly by the "DLP" group. On July 17 and 18, too, they fired at student protesters in Pusan.

The provocative firing cases this year have been reported one on the heels of another in Seoul, Kwangju, Taegu and other areas.

In January the fascist authorities supplied the puppet Seoul police bureau alone with a total of more than 32,600 heavy and automatic weapons of various kinds.

The situation shows that the No Tae-u group is trying to cause a second Kwangju incident.

African Solidarity Group Supports Reunification

SK0108101990 Pyongyang KCNA in English 1009 GMT 1 Aug 90

[Text] Pyongyang August 1 (KCNA)—An African regional solidarity meeting for the reunification of Korea took place in Ouagadougou, the capital of Burkina Faso, from July 25 to 26.

Taking part in the meeting were delegates of support committees and friendship associations of 16 countries including Burkina Faso, Madagascar, Sierra Leone, Uganda, Central Africa, Burundi, Rwanda, Togo, Zimbabwe, Ghana, Libya, Tunisia, the Congo, Mali and Senegal, delegates of the regional committee, and political and public figures and pressmen of Burkina Faso.

Also present was the delegation of the Korea-Africa Friendship Association and the Korean Committee for Solidarity with the World Peoples.

Discussed at the meeting were the following agenda items:

1. On tasks to launch a more powerful solidarity movement in support of the proposal for founding the democratic confederal republic of Koryo.
2. On the election of the leadership organ of the African regional committee for friendship and solidarity with the Korean people.

Madirisha Juvenal, secretary general of the African regional committee, delivered a report on the first item, which was followed by speeches.

The meeting adopted letters to the great leader President Kim Il-song and dear Comrade Kim Chong-il.

It also adopted an action programme of the African regional committee to support the proposal for founding the democratic confederal republic of Koryo, an appeal to political parties, governments, parliaments, social organisations and religious organisations of African countries and a letter to political parties and democratic figures of South Korea.

A leadership organ of the committee was elected at the meeting.

Yembeh Mansaray, minister of state for education, culture and sports and chairman of the Sierra Leonean committee for supporting Korea's reunification, was elected chairman of the committee. It also elected six vice-chairmen and the secretary general of the committee

A communique was released there.

A party was given on July 26 on the successful conclusion of the meeting.

'Provocations' by U.S. Soldiers Protested

SK3107155090 Pyongyang KCNA in English 1528 GMT 31 Jul 90

[Text] Panmunjom July 31 (KCNA)—A security officers' meeting of the Military Armistice Commission was held here today at the proposal of our side. Our side called the U.S. side to account for its successive military provocations which render the situation in the Panmunjom Joint Security Area strained now with the August 15 Pan-National Rally at hand.

According to Pak Yong-hup, the security officer of our side, at around 16:35 July 30 a U.S. guard provoked security personnel of our side with a filthy gesture in the area between the MAC conference room and the joint duty officers' room of his side.

Producing pictures showing the U.S. guard's provocative acts, the security officer of our side said they are extremely dangerous criminal acts of getting on the nerves of our side's security personnel and stimulating their sentiments.

The enemy side's provocations were committed on several occasions between July 25 and 29, too.

Calling attention to the seriousness of the situation and consequences to be entailed by it, he lodged a strong protest with the enemy side against the ceaseless military provocations of its guards in the Panmunjom Joint Security Area, and strongly demanded it to punish the criminals and take a responsible step to prevent the recurrence of such incidents. However, the security officer of the U.S. side categorically denied the fact, far from giving assurances that it would take an appropriate step as demanded by our side.

The security officer of our side charged that provocations and violations have not ceased in this area, numbering more than 40 cases in July alone, because of such negative attitude of the enemy side.

He warned the enemy side to look straight at the present reality and act with discretion and quickly take a practical and responsible step to stop the provocations and violations.

NODONG SINMUN on Japanese Monopolies

SK0108052190 Pyongyang KCNA in English 0500 GMT 1 Aug 90

["Vaulting Ambition for Overseas Expansion"—KCNA headline]

[Text] Pyongyang August 1 (KCNA)—The ever growing ambition of the Japanese ruling quarters for overseas expansion has come under fire in NODONG SINMUN today.

Recalling words of Japanese Prime Minister Kaifu that "Japan will proceed into the world from now and it will not hesitate to offer its cooperation if other countries request it," the news analyst says:

Lurking behind his remarks is the intention of Japan which has become the second economic power in the capitalist world to emerge as an international power commensurate with it and exercise its influence on the settlement of the global problems not only economically but also politically and militarily.

Economy is the basic means on which Japan is now relying in exercising her influence worldwide.

The Japanese monopolies and ruling quarters are pushing ahead with global economic expansion in every way and by all means.

After working its way into extensive areas of Asia, the Japanese monopolies have turned those areas into their market, raw material supply base and investment zones.

Japan has also burrowed deeply into Africa and Latin America economically.

Louder voices of apprehensions and charges over Japan's economic offensive are coming from Europe, too.

The Japanese monopolies and ruling quarters urgently need overseas advance of their military forces to defend the "security" of Japan's huge amount of funds and economic interests in different areas of the world.

The Japanese ruling circles intend to expand their Armed Forces' operational theatre to the whole world, not confining it to Asia.

The people of Asia and the rest of the world are keeping heightened vigilance against Japan's militarist design for overseas invasion, the news analyst stresses.

Editorial on Anniversary of Youth Group in Japan

SK0108102290 Pyongyang KCNA in English 1015 GMT 1 Aug 90

[Text] Pyongyang August 1 (KCNA)—NODONG SINMUN today dedicates an editorial article to the 35th anniversary of the formation of the League of Korean Youth in Japan (August 1, 1955).

The article says:

In the past period the League of Korean Youth in Japan has conducted its activities to firmly build up its organisations in keeping with the requirements of modelling the General Association of Korean Residents in Japan (Chongnyon) on the chuche idea and rear its hardcore elements, while arming its officials and members with the chuche idea and constantly increasing its ranks, and united broad segments of Korean youths in its organisations.

The league of Korean Youth in Japan conducted in various forms and ways education in loyalty, revolutionary traditions and socialist patriotism among broad segments of the youth, so that they might warmly love the socialist homeland and defend it firmly with single-hearted loyalty to the great leader Comrade Kim Il-song.

Notably, the oganisations of the League of Korean Youth in Japan have trained the young people of all walks of life to be steadfast revolutionaries of chuche type, reliable successors to the movement of Koreans in Japan in the course of the struggle to successfully implement the highly important teachings laid down by the great leader in his classical work "On the Situation of Our Country and Tasks of the League of Korean Youth in Japan".

The League of Korean Youth in Japan has actively supported the struggle of the South Korean young people, true to the policy of national reunification put forward by the great leader, and contributed to increasing the ranks of supporters and sympathizers for our revolution by strengthening friendship with the world youth and students including the Japanese people.

The article adds the League of Korean Youth in Japan will in the future, too, more firmly build itself into a chuche- based organisation of overseas Korean youths and discharge its duties as a vanguard and reserve for the patriotic cause.

Kim Il-song Receives Cuban Party Delegation

SK3107102490 Pyongyang KCNA in English 1019 GMT 31 Jul 90

[Text] Pyongyang July 31 (KCNA)—The great leader Comrade Kim Il-song received the delegation of the Communist Party of Cuba [CPC] headed by Jesus Montane Oropesa, member of the CPC Central Committee, political advisor to the first secretary of the party Central

Committee and chairman of the Cuban Committee for Supporting Korea's Reunification, on a visit to Korea, on July 31.

Present on the occasion were Secretary Kim Yong-sun and Vice-Director of a department Kim Hyong-u of the Central Committee of the Workers' Party of Korea.

Cuban Ambassador to Korea Juan Jose Leon Vega attended there. Comrade Kim Il-song had a warm and friendly conversation with the guests.

The head of the delegation presented him with a gift of Comrade Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba, president of the Council of State and president of the Council of Ministers of the Republic of Cuba.

Comrade Kim Il-song gave a luncheon for the guests.

Kim Il-song Greets Benin's President Kerekou

SK3107102290 Pyongyang KCNA in English 1017 GMT 31 Jul 90

[Text] Pyongyang July 31 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings Monday to Mathieu Kerekou, president and head of state of the Republic of Benin, on the occasion of the 30th anniversary of the independence of Benin.

The Benin people have actively striven for the independent development of the country and building of a new life since the independence, the message says.

It wishes the Benin president and people greater success in the work for political stability of the country and the reconstruction of the national economy.

International Aviation Delegation Arrives 31 Jul

SK3107152590 Pyongyang KCNA in English 1512 GMT 31 Jul 90

[Text] Pyongyang July 31 (KCNA)—A delegation of the International Civil Aviation Organization led by President of its Council Assad Kotaite arrived here today.

It was met at the airport by Kim Yo-ung, director of the Civil Aviation Administration, and Henning Karcher, representative of the United Nations Development Programme here.

Kim Chong-il Praised as 'Leader' of Nation

SK0108102690 Pyongyang KCNA in English 1020 GMT 1 Aug 90

[Text] Pyongyang August 1 (KCNA)—Voices praising dear Comrade Kim Chong-il as the leader of the nation are ringing out louder from among the South Korean people.

A book "A New Start" was distributed among students of different universities including Konguk University. This book reportedly gives descriptions of the immortal revolutionary feats of Comrade Kim Chong-il and of the unquestioned trust he enjoys among the people.

And organ papers of various organizations and books published in South Korea including "The Era of Chuche," "New Generation" and "Saenal" (New Day) praise Comrade Kim Chong-il as the "brain of the nation," "centripetal force of the nation" who is making contributions to the cause of national independence.

Noting that "the greatness of the nation boils down to the greatness of its leader," the book "New Generation" wrote that "President Kim Il-song and Mr. Kim Chong-il are the brains and the centripetal force of the nation and they play the role of leaders in the cause of national independence."

Publishing House Introduces New Children's Books

SK3107221090 Pyongyang KCNA in English 1505 GMT 31 Jul 90

[Text] Pyongyang July 31 (KCNA)—The Kumsong Youth Publishing House of Korea has brought out 10 odd long and medium-length novels and scores of kinds of books for the education of the youth and children this year.

"For the Future of the Revolution" Vol. 14 is being widely read among the young people.

Included in it are 18 items of reminiscences containing emotional stories about rearing of young people into reliable builders of the country by the great leader President Kim Il-song.

"Youth-Hope and Happiness", "The Fatherland Will Remember", "Proud Course Covered by the Speed Campaign Youth Shock Brigade" and many other books recount the heroic struggle of the Korean young people who are conscious of the heavy duties assigned them by the era and history.

The full-length novel "University Days" is a work on the theme of the life of students who returned to universities from the frontline. It vividly shows the university life of the young people preparing themselves to be fine scientists in response to the noble intention of President Kim Il-song who called the soldiers to universities from the front, looking ahead to the tomorrow of victory in the fierce flames of the fatherland liberation war.

"Benefactors", "There Is a Dear Home at a Strange Place, Too," and other medium-length stories which deal with the optimistic life of youth and students, "Collection of Literary and Art Works of Youth" Vol.7, "The Lifeline" and other collections of works are popular among readers.

Many books for cultural and emotional education of children have come off the press.

Illustrated books including "Leaves of Paulownia Tree", "Secret Archives" Vol.1 and "Liaison Mission" are popular books instilling into the children socialist patriotism, resourcefulness and courage.

The medium-length nursery story "Garland of Talrae", the collection of the Korean folklores Vol.11 "The Girl General" and collections of nursery stories and fables on various other themes have been brought out to be read avidly.

Besides, "Beloved Beetle Car" and various other illustrated foreign nursery stories have also seen the light.

South Korea

Mosbacher, ROK Commerce Minister Hold Meeting

SK3107074390 Seoul YONHAP in English 0703 GMT 31 Jul 90

[Text] Seoul, July 31 (YONHAP)—The United States has accused South Korea of discrimination against American cigarettes and of campaigning against luxury imports, a Commerce Ministry official said Tuesday. He said the drive to curb imports of expensive foreign consumer products is sponsored by consumer organizations.

U.S. Secretary of Commerce Robert Mosbacher asked Pak Pil-su, Korea's commerce and industry minister, to correct "discriminative action" against U.S. cigarettes when the two met Monday in Singapore following the second Asia-Pacific Economic Council (APEC) conference July 29-30, the official said.

Pak replied that a campaign to smoke "hometown cigarettes" was begun by provincial governments to increase tax revenue and was not part of the central government's drive against consumption of foreign tobacco, he said.

Mosbacher's complaint over the campaign against luxury imports failed to recognize that it was a voluntary effort and would not affect the government's schedule for opening the Korean market to foreign goods and services, he said.

Mosbacher asked Pak to protect U.S. intellectual property and raised the example of alleged infringement of a General Electric patent by a Korean business, the official said.

The two ministers then discussed ways to cooperate for the success of the Uruguay Round, he said, refusing to go into detail.

Law on Inter-Korean Exchanges Detailed

SK0108084590 Seoul YONHAP in English 0832 GMT 1 Aug 90

[Text] Seoul, Aug. 1 (YONHAP)—The government and the ruling party have worked out the details of how the law on inter-Korean exchanges and cooperation will be applied, a spokesman for the National Unification Board said Wednesday. With effect from Aug. 7, South Koreans can trade with the North, visit the North, invite North Koreans to the South and carry out joint projects with the North if they have the board's approval. Applications to visit the North or invite a northerner to the South must be filed with the unification minister, who is required to make a decision within 14 days.

The board will issue a visitor's certificate valid for one and half years to the North Korean named in the application. Travelers must use the truce village of Panmunjom unless an alternative route is specifically designated.

To promote inter-Korean exchanges, the ministers of unification, commerce-industry and finance will hold regular consultations. Trade with North Korea will be treated as internal trade and exempt from customs tax. Applications for joint ventures with the North should include a written explanation of the purpose, scope and how long it will take to obtain approval.

The board must give approval on the basis of whether the project will help expand inter-Korean exchanges and cooperation. Applications to contact North Koreans abroad must be made 20 days in advance. Unplanned encounters with North Koreans, such as at an international gathering, must be reported within seven days to a Korean Embassy or the board.

Student Says 20,000 To Apply To Visit North

OW2807140090 Tokyo KYODO in English 1259 GMT 28 Jul 90

[Text] Kwangju, South Korea, July 28 KYODO—A South Korean student leader said Saturday more than 20,000 South Korean college students will apply to the government in September and October for permission to visit North Korea for academic exchanges.

Song Kap-sok, leader of the South Korean National Council of Student Representatives, disclosed the plan in an interview with KYODO NEWS SERVICE at Chonnam National University in Kwangju. He is on the wanted list by South Korean security authorities.

Song said his organization will dispatch representatives to the third preliminary session for an inter-Korean convention to be held in Pyongyang, the capital of North Korea, on August 6. Referring to North Korea's absence from Friday's preliminary session in Seoul, Song criticized the South Korean Government for trying to control dialogue between the South and the North.

He said his group plans to organize a reunification march from Cheju Island to the truce village of Panmunjom starting August 4, but the procession will not try to cross the border into the North. Song said the planned activities are aimed at expanding the movement for the reunification of the Korean peninsula to the grass roots level.

North's Participants in Japan Seminar Reduced

SK2907110590 Seoul CHOSON ILBO in Korean 29 Jul 90 p 1

[Text] Osaka Economics and Politics University, which will organize the Third International Korean Studies Seminar, announced on 27 July that North Korea had canceled the participation in the seminar of a total of 139 people, including Chon Kum-chol, vice chairman of the Committee for the Peaceful Reunification of the Fatherland [CPRF], and An Pyong-su, director of the CPRF Secretariat. This international seminar is scheduled to be held in Osaka, Japan, and 150 from the North Korean side were scheduled to participate in it.

The university also said that, as a result, a plan had been canceled to arrange meetings so that ten of the North Korean scholars could meet their family members who live in South Korea, and that North Korea had not explained why it had made such a large-scale reduction in the number of participants. The university also announced that 193 people from the South Korean side, including Yi Se-ki, director of the Northern Policy Institute; Korea University Professor Hong Il-sik; and Seoul National University Professor Paek Nak-chong, will participate in the seminar and that 11 people from the North Korean side, including Kim Chol-myong, first vice chairman of the Association of Social Scientists, and Yi Hyong-chol, director of the Arms Reduction and Peace Institute, will participate in the seminar.

Attention has been focused on this seminar, because many North and South Korean scholars will participate in this seminar, which Osaka Politics and Economics University and Beijing University will jointly sponsor, and because separated families were scheduled to meet during this seminar.

The reason North Korea reduced the number of participants in this seminar on a large scale, even though this is a pro-North Korean seminar, appears to be because North Korea is afraid of the introduction of a tendency toward opening up in North Korea and other side effects from the large-scale exchange of North and South Korean scholars.

South Scholars To Attend

SK3007064890 Seoul YONHAP in English 0632 GMT 30 Jul 90

[Text] Seoul, July 30 (YONHAP)—The 136 South Korean scholars who will attend a conference in Osaka, Japan, on Friday have been given the go-ahead to contact North Korean participants, the National Unification Board said Monday.

Attending the third international academic conference on Korean studies Aug. 3-5 will be 1,300 experts from 13 nations.

Board officials said the North Korean delegation has been cut from 150 to 11 and North Korea has notified the conference sponsors of the change, due to "unexpected circumstances."

The event is co-sponsored by Osaka University of Economics and Law and by Beijing University, supported by the Japanese Foreign and Education Ministries.

Papers will be presented and panels will discuss 11 different topics on Korean studies, the officials said.

Government May Not Allow Priests To Go North

SK3107130790 Seoul YONHAP in English 1222 GMT 31 Jul 90

[Text] Seoul, July 31 (YONHAP)—A responsible government official hinted Tuesday that the South Korean Government may rebuff a planned visit by a group of young Catholic priests to Pyongyang unless North Korea accepts President No Tae-u's recent proposal for a trial free cross-border travel around Aug. 15.

The official said, "The government will be able to finalize its stance (regarding the priests' plan to visit Pyongyang) only after the Aug. 7 time limit set by the South for working-level meetings to discuss detailed procedures for cross-border exchanges of people."

The official, who refused to be identified, also said that the Catholic clergymen should comply with a formality that requires them to earn approvals from the National Unification Board for their plans to contact North Koreans, and then obtain invitations from the North Korean side and then finally file application for their scheduled Pyongyang visit with the Unification Board.

"Even though the clergymen seek to visit North Korea during the five-day free travel period proposed by the South, the South Korean Government is not in a position to endorse their plan at this moment since it is yet to work out detailed procedures for free cross-border travel with the North Korean Government," he said.

The official also said that the clergymen would trespass against the law if they go to the North via a third country.

An activist organization of Catholic priests announced earlier Tuesday that it will seek government permission for 15 of its members to attend a mass for national reunification in Pyongyang on Aug. 15-16. The 15 priests would go to the North through the truce village of Panmunjom if their plan is endorsed by the government but would seek to fly to Pyongyang via a third country if their plan is not approved, the announcement said.

The South Korean Government has repeatedly proposed to North Korea to have working-level contact by Aug. 7 for discussing procedural matters concerning the proposed free travel. Its proposal has virtually been ignored by the North Korean side.

Chondaehyop Blames Government for Contact Failure

SK0108044090 Seoul Domestic Service in Korean 0400 GMT 1 Aug 90

[Text] The National Council of University Student Representatives [Chondaehyop] insisted that the government be held responsible for breaking off the Seoul preliminary meeting for the pan-national rally and that it will make every effort to realize the pan-national rally.

Song Kap-sok, chairman of Chondaehyop, held a press conference in the student union building of the Yonsei University at 1030 this morning and said that the government must stop at once its obstructive maneuvers to check the pannational rally. He revealed that in principle, the 58 organizations selected by the government cannot take part in the pan-national rally.

Student Group Plans Rally at Panmunjom 6 Aug

SK0108093890 Seoul YONHAP in English 0853 GMT 1 Aug 90

[Text] Seoul, Aug. 1 (OANA-YONHAP)—South Korea's biggest student organization announced Wednesday plans to send 1,000 people to the truce village of Panmunjom on Aug. 6 to support a meeting in Pyongyang to plan a joint unification rally.

Song Kap-sok, the fugitive chairman of Chondaehyop [National Council of University Student Representatives], told a news conference at Yonsei University that every branch of the group would simultaneously hold sympathy rallies and proclaim Aug. 1-15 a period to struggle for the realization of the unification rally, to be held in Panmunjom on Aug. 15.

Referring to attempts by right-wing groups to attend the unprecedented rally, Song said, "We could consider their participation in the rally if they make efforts to abolish the National Security Law and release prisoners of honor and those jailed for visiting Noth Korea."

Chondaehyop belongs to the dissident umbrella organization Chonminnyon [National Democratic Alliance of Korea], which first proposed the unification rally, and the president of Yonsei University is one of six Chondaehyop delegates to the rally.

Chondaehyop will join the National Alliance, another coalition of opposition groups, in a rally Saturday to abolish the National Security Law and urge the release of those in jail, said Song, 24, a senior at Chonnam National University.

Activists, including Yim Su-kyong, a radical student, the Rev. Mun Ik-hwan and the Rev. Mun Kyu-hyon, are in jail for violating the National Security Law by making unauthorized trips to North Korea.

Starting with a fast by seven Korea University students in front of a prison in Chongju, North Chungchong Province, demanding Yim's release, Chondaehyop will take positive action to free "unification prisoners" while rallying for the release of Im Chong-sok, a former chairman of the group, on Aug. 10, he said.

Editorial Calls North's Attitude 'Only Barrier'

SK0108012790 Seoul THE KOREA HERALD in English 1 Aug 90 p 8

[Editorial: "Border barrier fiction"]

[Text] That the propaganda machine in Pyongyang is adept at lying is irrefutably well known. And yet, north Koreans continue to speak with a forked tongue with unabated brazenness, seeking to disinform, confuse and entrap the few gullible souls willing to listen.

This time, the prop has been the so-called concrete barriers in the south of the Demilitarized Zone that maintain the precarious balance between the two halves of the divided Korean Peninsula. North Korean Communists paint an evil picture of the innocent bulwark which is far from true but might look plausible to the ignorant. It was most proper and timely for the Defense Ministry in Seoul to decide to open the embankment sites in question to all visitors for a month beginning next week.

Such free visits to and inspections of the barriers by all interested people are certain to dispel possible doubts about the usually restricted military area and effectively neutralize the north Korean propaganda bid aimed at presenting the defensive military installation as something like the former Berlin Wall.

Already the concrete barriers have been opened to foreign correspondents stationed in Korea and Japan. Among them was a newsman from the Soviet Union's Tass. The initial group of international media representatives witnessed the scene and agreed that there were no such forbidding concrete barriers that could interrupt the movement of people.

The fact of the matter is that 10-odd embankments of varying length ranging from 500 to 3,000 meters were built in some sections of the western and central corridor in the late 1970s for the purpose of deterring north Korean tanks from overrunning the border. They stand 5 meters high and their aggregate length extends no more than 25km or 10 percent of the entire truce line.

In light of the limited length and design of the structure, these antitank barriers are strictly military and defensive in nature and would not stand in the way of pedestrian and vehicular traffic of nonhostile citizens. In both scale and format, the barriers are not comparable to the Berlin Wall.

The disinformation tactics of Pyongyang depend entirely on fiction and misrepresentation. There exist no such concrete obstacles to impede free travel of south and north Koreans as north Korea claims. The only barrier that persists is the inflexible and obstructionist attitude

of north Korea on inter-Korea movement and communication. North Koreans could come and see for themselves the truth of the matter.

Government Cancels 'Ulchi' Military Exercise

SK0108110090 Seoul HANGYORE SINMUN in Korean 31 Jul 90 p 1

[Text] On 30 July, the government decided not to conduct the "Ulchi" exercise, which has been conducted every year since the early 1970's, in consideration of the North-South premiers' talks scheduled for 4 September in Seoul.

A government official concerned said: We have decided to call off this annual military exercise so as not to provoke North Korea, as the North-South premiers' talks are at hand.

The "Ulchi" exercise this year was planned for 20-25 August, and North Korea criticized it as an offensive exercise.

Defector to North Returns 46 Years Later

SK2807064890 Seoul YONHAP in English 0618 GMT 28 Jul 90

[Text] Seoul, July 28 (YONHAP)—A 58-year-old man whose zeal for communism took him to North Korea at the age of 16 has arrived in South Korea for a visit and hopes to resettle here permanently.

Chang Hak-su, the son of an independence fighter, fled to the Soviet Union 13 years later, during North Korea's great purge of pro-Soviets, and now, doctrinally seasoned, wants to go "home." He arrived at Seoul's Kimpo International Airport from Moscow to a tearful reunion with his brothers on Friday. Chang said he is negotiating a deal with a Korean publisher for the publication of his autobiography and wonders if he will be able to work in Korea if he returns permanently.

The working title of his 1,400-page manuscript, which he said the monthly MUNHAK SASANG has offered to serialize, roughly translates into "Buried Youth Under a Red Star." It is an account of his disappointment with North Korea, his experiences in the Soviet Union and, most of all, his disenchantment with the ideology of Marxism-Leninism itself. He said he no longer talks of the superiority of one social structure over another because it's unimportant whether a society is socialistic or capitalistic. Chang said a sound nation is one where an individual can receive due reward according to his ability and hard work, and where productive and social activities are guaranteed.

Scion of a family of academicians with strong ideological inclinations, his father Chang Sok-chol was vice principal of Posung High School and an ardent fighter against Japanese colonial rule. He said he was pampered as the youngest of five sons and four daughters. An older brother crossed to the North in 1945, when Chang was just 13 years old. Korea was divided into the capitalist South and the communist North following Japan's defeat in World War II in 1945. His older brother's action had a strong impact and three years later Chang embraced the communist doctrines of North Korea and followed his brother. His brother tried to escape back to the South in 1950 and was shot.

Chang, a 16-year-old student at the prestigious Kyongbok High School in Seoul when he defected to North Korea, said he impressed others when he patched together a radio-controlled model ship. Nam Il, a prominent North Korean general at the time and later the Northern representative to the Korean armistice talks, took notice of the boy and made him do research on a radio-controlled torpedo.

The torpedo project was a flop, but Nam helped Chang to go to an engineering college in Moscow in 1950 from which he graduated in 1956 with honors. Chang was hired by a communications research institute in Pyongyang, where was assigned to work on modernization of the central television and radio station. But as the Stalinist era wound down amid internal strife and criticisms, North Korean leader Kim Il-song put Chang in the forefront of a political attack on the Soviet Union.

A massive purge was launched against all pro-Soviet elements, and in August 1961 Chang made the second crossover, this time to the Soviet Union. One afternoon, Chang, then 29, swam across the Tuman River, which separates North Korea from the Soviet Union at its mouth.

Chang spent next nine years working as an engineer at a truck factory before returning to school to win a doctorate in physical science in 1966.

He is now a well-known hydrographer and a senior reseacher heading a chemical survey on environmental preservation. He has a Soviet wife, Nina Chang, and three children.

Chang said he had heard of the Aug. 15 rally at Panmunjom but doubted that North Korea would open up its society. "If Kim Il-song allows cross-border exchanges, he will risk revealing great differences between South and North Korea. This makes social openness practically impossible," Chang said.

Choe Ho-chung Views Japan-DPRK Relations

SK2907035790 Seoul THE KOREA TIMES in English 29 Jul 90 p 2

[Text] Foreign Minister Choe Ho-chung ruled out the possibility of rapid development in relations between North Korea and Japan as Pyongyang still remains reluctant to have government-to-government dialogue.

Asked to comment on recent contacts between Japan Socialist Party delegations and North Korean officials, he said, "The contacts do not instantly mean improvement of relations.

"It is inappropriate for us to call on Japan to refrain from contacts. Rather, Japan's contacts, while inducing the North to openness and reforms, would contribute to the solution of the Korea problem," he told reporters before departing for Singapore for the second ministers' meeting on Asia-Pacific Economic Cooperation [APEC].

If I am right, the North will continue to be reluctant to have contacts with the Japanese Government, confining its contacts only to the level of parties. This tells us that there will be no drastic developments in Japan-North Korea relations," he added.

Minister Choe viewed that the first formal talks between South Korea and the Soviet Union in Moscow this week have significance as the start of negotiation on the normalization of ties and a chance to sound out each other's position and requirements.

"We will present drafts of agreement on the avoidance of double taxation and investment protection this time. We do not expect that we will sign any agreement right now but it has significance in that the two countries enter into formal negotiations."

He said that economic cooperation with the Soviet Union would start from the supply of consumer goods rather than hard currency loans.

He showed interest in Canadian State Security Joe Clark's idea on the formation of a north Pacific regional security body, presented to Japanese Foreign Minister Taro Nakayama in Tokyo last week, but reserved immediate comment.

"I will learn details of his idea when I meet him at the APEC meeting. Europe has regional collective security systems but Asian countries have bilateral systems like U.S.-Japan and Korea-U.S. security pacts. I have to learn more about that (Clark's formula)," he said.

Leader of Delegation to Moscow Expresses Views

SK0108003190 Seoul THE KOREA TIMES in English 1 Aug 90 p 2

[Article by staff reporter Pak Mu-chong: "ROK-Soviet Cooperation Will Be Pushed With Long-Term View"]

[Text] It is unfit (for South Korea) to spotlight only the political aspects of relations with the Soviet Union, said the leader of a government delegation to the Seoul-Moscow official talks on normalizing relations and promoting economic cooperation.

Kim Chong-in, head of the 20-member mission, said, "Both South Korea and the Soviet Union should not be hasty about improving bilateral ties, motivated only by immediate political gains."

A hasty attitude would benefit neither of the two [illegible] senior secretary for economic affairs to President Roh Tae-u said prior to his departure for Moscow via Tokyo yesterday.

"What the Soviet Union is seeking to gain in the negotiations (beginning Aug. 2 in Moscow) this time is economic cooperation, isn't it?" he asked.

That is the very reason why he, an economic expert, was chosen to head the delegation, he explained, noting that his Soviet counterpart (Yuriy Maslyukov) is the deputy prime minister for economic affairs. "Since the two countries are in a state of beginning bilateral economic cooperation, the two have to promote it with a long-term eye," he said.

The presidential aide suggested that the two countries give a concrete form to the economic cooperation after grasping other side's actual conditions (through negotiations).

"This time, we will exchange views each other on how to promote economic cooperation not only in official talks, but in informal ones between economic officials," Kim said.

Asked to clarify rumors that Moscow has asked for loans of about $2 to 3 billion, he said, "To speak the truth, the Soviet Union has not expressed any concrete opinions, including the size of the loan, so far. It is true that the government has been examining ways to promote economic cooperation with the Soviet Union." "It is not desirable that the economic cooperation be made in the form of barter beyond our capability. The Soviets will not want such a pattern, either," he added.

The top presidential economic aide underlined that "the Soviet Union is one of the two superpowers in the world, no matter what the people say." "I don't see that the Soviets are impatient to improve ties with us," he said.

Asked if the bilateral economic cooperation could benefit Korea in light of the real condition of the Soviet economy, Kim said, "We are exploring an exorbitant market called the Soviet Union from a long-term viewpoint."

"We are now suffering from stagnation. Are there any good markets beside East Europe we can make inroads into? Expanding our export markets to the Soviet Union is significant in terms of finding a way out of the current difficulty," he said.

Kim also observed that there would be no serious problem in trade between the two countries, if diplomatic ties are normalized. He further said that the Soviet Union "seems to have a good impression of South Korea especially because it achieved economic success in only 40 years, compared with the more than 200 years for Europe and 100 years for Japan. "I feel a big burden on my shoulders, thinking of the people's expectations that the two countries will establish diplomatic ties on this occasion," he said.

Pressed to predict when diplomatic ties would be formed, Kim said, "If economic cooperation proceeds in detail, the question which the people are concerned about will be solved smoothly. But I think that the time

is not now because the Soviet Union is to implement its new economic policies from next year."

Government, Malaysia Agree on Tariff Removals

SK2707010590 Seoul THE KOREA TIMES in English 27 Jul 90 p 9

[Text] Korea and Malaysia have agreed to remove various tariff and non-tariff barriers in order to expand bilateral trade, the Trade-Industry Ministry announced yesterday. The agreement was reached in a meeting between Trade-Industry Minister Pak Pil-su and his Malaysian counterpart Rafidah Aziz in Kuala Lumpur yesterday.

The third trade ministerial negotiations between the two countries will wind up today.

On the first day of the consultation, the two ministers decided to reduce customs duties on a gradual basis and ease various import restrictions in a bid to realize a balanced expansion of trade between Korea and Malaysia. Korea is now suffering trade deficits with Malaysia.

According to dispatches from Kuala Lumpur to the ministry, Pak pointed out that the main culprit in Korea's trade deficits is the imposition of heavy export taxes on crude oil, palm oil, crude rubber and other natural resources by the Malaysian government. He called upon Malaysia to remove restrictions on exports of such products. Pak also asked Malaysia to halve by 40 to 60 percent customs duties levied on Korean products and remove obligations on Korean companies to import products when they take part in international biddings in Malaysian projects.

Meanwhile, Rafidah acknowledged the imposition of heavy tariffs on Korean products in a bid to increase his country's budgetary incomes and exports.

But he promised that Malaysia would gradually slash customs duties for the expansion of trade with Korea. He called upon Korean companies to invest more in Malaysia.

Last year, Korea suffered a $960 million trade deficit with Malaysia with $543 million in exports and $1,503 million in imports.

Korea generally imports such primary industrial products as oil, timber and agricultural and fisheries goods from Malaysia.

Construction Minister Departs for Taiwan Visit

SK3007113190 Seoul YONHAP in English 1027 GMT 30 Jul 90

[Text] Construction Minister Kwon Yong-kak left for Taipei on Monday morning as a guest of Interior Minister Hsu Shui-teh. During his four-day stay, Kwon will meet with Premier Hao Po-tsun, Foreign Minister Frederick Chien and Communications Minister Clemment Chang to discuss ways to increase bilateral economic cooperation. With Hsu, Kwon is to conclude an agreement on construction cooperation.

Parties Favor Replacing 'National Security Law'

SK2507015590 Seoul YONHAP in English 0150 GMT 25 Jul 90

[Text] Seoul, July 25 (OANA-YONHAP)—South Korea's ruling party, striving to solve a political stalemate, said Wednesday it was considering opposition demands on the National Security Law and local elections but would not budge on its stand against calling early general elections.

An official of the Democratic Liberal Party (DLP), headed by President No Tae-u, said the party might accept the demand for replacing Korea's stiff security law with a "democratic order protection law" that would have drastically softer articles and ease the ban on contact with North Korea.

Kim Tae-chung's Party for Peace and Democracy [PPD] has asked the government to abolish the Security Law or replace it with the proposed protection law.

North Korea has also called for abolition of the security law, charging that by outlawing inter-Korean exchanges it hampers unification of the divided Korean Peninsula.

The DLP's bending seems to reflect the government's new-found flexibility toward the North since No proposed free cross-border travel July 20. The DLP is also considering a PPD demand for parties to be allowed to field candidates in local elections, the official said. The DLP may make concessions on the two issues in negotiations to normalize party politics, plunged into confusion when all 80 opposition lawmakers tendered their resignations to protest the DLP's unilateral passage of controversial bills through the assembly. They demanded early general elections and implementation of local autonomy.

Opposition Politician To Join Unified Party

SK2707010190 Seoul THE KOREA HERALD in English 27 Jul 90 p 2

[Text] Opposition politician Kim Sang-hyon, who once worked with Kim Yong-sam at the defunct Reunification Democratic Party [RDP], said yesterday that he would join the proposed unified opposition party which would come after the merger of the PPD [Party for Peace and Democracy), DP [Democratic Party] and other opposition groups.

Kim would be accompanied by a group of his followers who all once worked for the RDP but defected from it after the RDP's merger with the former ruling DJP [Democratic Justice Party].

Kim and his group planned to join the main opposition PPD after their defection but decided to defer their

resumption of party engagement after the creation of a unified party in a gesture of their support for the ongoing merger drive among opposition groups.

DP Conflict Over Merger

SK2807003390 Seoul THE KOREA TIMES in English 28 Jul 90 p 2

[Text] The splinter Democratic Party [DP], which triggered the en masse resignations of all opposition National Assemblymen, is suffering from serious intra-party conflict over the sizzling question of integrating all opposition forces and dissidents into a single party.

A large number of leading party members have called for the "withdrawal" of Kim Tae-chung, president of the bigger Party for Peace and Democracy [PPD] with 70 lawmakers, from the "political frontline" for a grand opposition unity.

The demand has cast a dark cloud over moves to bind together the PPD, DP embracing seven lawmakers, and dissident forces to create a united opposition party against the ruling Democratic Liberal Party.

The party members made the call in a session of local chapter chairmen, who become party candidates for general elections automatically, Thursday.

As a result, party president Rep. Yi Ki-taek did not take part in the national convention of the PPD in order to have a man-to-man persuasion meeting with "unruly" chairmen. Yi was to give a speech at the convention as a guest speaker.

The local chapter chairmen demanded that the opposition unity should be promoted after general elections to form a new National Assembly. The opposition parties want an immediate dissolution of the current Assembly and the holding of general elections.

However, party head Yi has revealed that he would push through his own plan for the merger of the PPD, DP and dissident forces.

The party plans to form its own special committee to work on the merger of the opposition forces in its executive council meeting early next week, but is likely to face difficulties because of the internal feud.

Dispute Over Kim Tae-chung

SK3007071590 Seoul YONHAP in English 0652 GMT 30 Jul 90

[Text] Seoul, July 30 (OANA-YONHAP)—Efforts to merge two South Korean opposition parties and a dissident group are foundering because of a dispute over the timetable for unification and whether Kim Tae-chung should be excluded from the leadership of the new party.

Kim's Party for Peace and Democracy (PPD), the Democratic Party (DP), led by Yi Ki-taek, and the Conference for Opposition Unification recently agreed to unite and to form a 15-member working-level negotiating panel. The PPD, which wants the merger to take place in August, appointed five members to the panel on Monday. The other two will name their negotiators on Tuesday, but there are calls for unification to follow the opening of the September National Assembly session.

Some DP district chapter chairmen who are not assemblymen maintain that the merger should be announced in September, after generating support through rallies and public hearings in August. They have reacted sharply to party president Yi's proposal for an unconditional merger with Kim's PPD and argue that the charismatic opposition leader should be left out of the new party's leadership.

As the merger began to take shape, nine DP chapter chiefs repeated their call for Kim to step down as party head and criticized him as "an undemocratic and outdated leader who is obsessed with becoming president."

Kim made it clear in a party convention on Friday that he won't retire from the leadership and Yi seems reluctant to push for early unification, saying Kim's remarks on revision of the Constitution did not help the merger. Kim told last week's convention that the PPD will try to change the Constitution to introduce a vice presidency and runoff presidential elections.

PPD spokesman Kim Tae-sik said the proposals were first made when the PPD was inaugurated in 1987 and it was wrong to link them to the ruling Democratic Liberal Party's plot to revise the Constitution to introduce a parliamentary government system.

Chang Sok-hwa, DP spokesman, said it is inappropriate to discuss revision of the Constitution now and the remarks will do no good to efforts to unify the opposition. Constitutional revision can only be discussed by the National Assembly after general elections, he said. All PPD and DP lawmakers resigned recently, demanding the dissolution of the assembly and general elections.

Kim Tae-chung Reelected PPD President

SK2807004790 Seoul THE KOREA TIMES in English 28 Jul 90 p 1

[Text] Opposition leader Kim Tae-chung said yesterday that his party will seek a constitutional revision to introduce a run-off election in the race for the presidency. He advocated during the party's national convention the adoption of a vice presidency, a post that will hold powers rather than just be for show.

Kim was reelected president of the major opposition Party for Peace and Democracy [PPD] in the first regular national convention since the PPD's birth in November, 1987. In the convention at the auditorium of the Korea Exhibition Center in Samsong-dong, southern Seoul, the PPD empowered the executive committee of the party to promote the merger of opposition forces. The committee will be composed of 50 people, increased from the

original 20. The national convention also entrusted party head Kim to appoint vice presidents rather than elect them through a vote.

Kim said that he will put off the appointment of vice presidents pending the development of the move toward opposition unification.

In a resolution adopted in the convention, the largest opposition party announced a three-point plan. It is:

—To create a unified opposition party which is prepared to take over power "in the near future" and continue to fight for the realization of true democracy,
—To overcome the "ruinous and anti-national" regionalism through building a unified opposition party and to achieve national reconciliation,
—To struggle hand in hand with the people against the ruling camp's scheme to prolong its stay in power through introducing a parliamentary cabinet system.

In his acceptance speech after his reelection as party president, Kim said, "Our party will engage in the next presidential election after introducing a vice presidency."

Kim declared that he will not bow to the voices of "the minority" demanding he retreat from politics, saying, "I will never repeat the 1988 mistake of going to the sidelines." He added, "The decision whether I should remain or leave should be made both by the people and our party members."

Kim also said, "We will seek a constitutional revision to adopt a run-off presidential election which will help foster political stability based on the support of the majority."

Article on PPD View on Constitutional Revision

SK3007100390 Seoul YONHAP in English 0943 GMT 30 Jul 90

[By Yom Chu-in]

[Text] Seoul, July 30 (YONHAP)—Opposition leader Kim Tae-chung is raising a proposal to change the Constitution to introduce a vice presidency, telling a party convention on Friday that it was vital in case of an "emergency." "This idea will be presented to the people as a campaign pledge during the next general elections," he said.

Most surprising about this is that Kim has denounced a move by the ruling camp to rewrite the Constitution as a "plot for perpetual rule." His stand on the Constitution was to keep it as it was because it was won in the people's fight for democratization in 1987 against former President Chon Tu-hwan.

Two of the three intra-party factions of the ruling Democratic Liberal Party have reportedly championed an amendment of the Constitution with different purpose in mind. They call on the need to replace the current presidential system with parliamentary cabinet system.

Kim's abrupt turnaround has caused speculation that talks on constitutional revision are actively going on behind the scenes and that the proposal will provide opposition lawmakers with the excuse they need to withdraw their resignations and return to parliament.

All 70 lawmakers, including Kim, of the Party for Peace and Democracy resigned from the National Assembly to protest the ruling party's railroading of 26 bills on July 23 and demand immediate general elections.

Political analysts doubt he really intended to abandon the National Assembly as general elections can not be held if the ruling camp refuses to cooperate.

The ruling camp has shown cautious but affirmative reaction to Kim's constitutional proposal and this could create a new environment for ruling-opposition dialogue, which stopped with the resignation. "Active discussion of constitutional revision can be made between the ruling and opposition parties if the ruling side accepts Kim's proposal for a discussion," a ruling camp source said Monday. But reactions vary from faction to faction.

A close aide to Kim Yong-sam, unannounced presidential candidate and executive chairman of the ruling party, called the move "unworthy of attention." "That (idea) stems from his intention to escape a political dilemma originating from a political mishap created by the mass resignations," the aide said.

Kim obviously made the proposal with his next presidential campaign in mind, analysts say, predicting he plans to name Yi Ki-taek, leader of the splinter Democratic Party, as his running mate.

Kim and his aides say having a vice presidency will help combat provincialism and dilute presidential power, but his critics claim the real reason is his burning desire to become president in the 1992 election.

A two-time loser in presidential elections, Kim is strongly supported only in his native provinces of Cholla. Without overcoming this handicap, he is likely to meet the same fate next time. His only hope is a running mate from another province and Yi is a leading candidate for the job. Kim finished last among three opposition candidates in other regions than Cholla provinces and Seoul in the 1987 presidential election, which No won by a hair.

Kim's aides accept this analysis. The 65-year-old opposition leader is expected to have another shot at the presidency, and his only chance to achieve his long-unrealized dream now is to have a popular politician from other regions than Cholla provinces, as a running mate.

If the ruling camp goes along with Kim's plan for constitutional revision, it could easily unleash pressure

from outside his party for his retreat to the political backstage. He was driven temporarily in 1988 to step down as party leader by public opinion, which held him responsible for losing the presidential and general elections in 1987 by dividing the opposition.

Kim's suggestion has raised speculation of a "secret guarantee" for Yi's future in which Kim has promised Yi the vice-presidential ticket of a unified opposition party as well as a party leadership post in return for Kim's presidential candidacy. A drawback is that Yi is pulling away from the proposed merger.

In response to harsh criticism of Kim's call for adoption for a vice presidency by his party members, citing Kim's "irrational obsession with the presidency," Yi went so far as to say "his declaration to finalize proposed opposition merger by September is changeable."

Yi's remarks came Monday, after a meeting with his aides to deal with the situation arising from Kim's idea. Yi set up the minor democratic party after his old party, the Reunification Democratic Party, merged with the ruling party.

Whatever Yi's reaction, the merger will go through because of public pressure, analysts predict. And discussions on constitutional change will be activated if the ruling camp accepts it as a major negotiating agenda.

DLP Opposes PPD Proposal

SK3007110490 Seoul YONHAP in English 1017 GMT 30 Jul 90

[Text] Seoul, July 30 (OANA-YONHAP)—The ruling Democratic Liberal Party (DLP) came out Monday against a proposal by the Party for Peace and Democracy (PPD) for a vice president with substantial power and a runoff in the presidential election. Top DLP leaders agreed that having a vice president with power is the same as having a dual executive system, party spokesman Pak Hui-tae said. A presidential runoff is a good idea but is unsuitable for Korea because it wastes national resources, he said. PPD President Kim Tae-chung made the proposal in a party national convention on Friday. Division of power between a president and vice president would cause arguments between the two, the DLP spokesman predicted.

Kim Tong-yong, DLP floor leader, said Kim Tae-chung opposed a vice presidency during negotiations on revising the Constitution in 1987. Since revision requires the resolution of the National Assembly, it is improper for Kim Tae-chung, whose entire party has resigned from the assembly, to propose a revision, he said.

Kim Yong-hwan, chairman of the policy deliberation committee, said the PPD should first rejoin the assembly and then discuss Constitutional revision. All 70 PPD lawmakers resigned to protest the DLP's unilateral passage of controversial bills in the last assembly session.

* Cabinet Officials Form 'Yukjunghoe' Group

902C0223A Seoul CHUGAN CHOSON in Korean 6 May 90 pp 22-23

[Article by reporter U Chong-chang]

[Text] Talks on Formation of Association, "We Lived Under the Same Roof"

Following the formation of Yukchohoe, a new association called Yukjunghoe was recently formed. As indicated by their names, the two associations are closely related to the number six [yuk]. The number six refers to nothing but the Sixth Republic. The two associations are made up of "prominent figures" who have held posts of prime minister, deputy prime minister, minister, etc. In other words, the present and former ministers, who have controlled national affairs since the Sixth Republic was launched, have formed their own association in which they can associate with one another.

Whereas Yukchohoe is made up of the first Cabinet ministers of the Sixth Republic, Yukjunghoe is composed of present and former ministers who have held posts in the second Cabinet (from 5 December 1988 to 19 March 1990).

The two associations are particularly noteworthy because they are an "aggregate of ministers" that never existed prior to the Sixth Republic. In the past, former ministers went in all directions once they left their posts. Some of them have maintained their relations of public-service days by providing consulting services to friendly societies that are made up of present and former public service employees of their ministries, or those who had friendly relations have continued to associate with each other. Unlike the ministers of the Sixth Republic, however, they have never formed their own associations.

But former ministers of the Sixth Republic are showing a different attitude. As stated in the association's regulations, its object is not different from that of other associations. It only states, "The object of this association is to strengthen friendship and mutual relations among the members of the Second Cabinet of the Sixth Republic of Korea."

What could have motivated these people, who have even served as minister, to form their own "exclusive" association?

It is said that Yukjunghoe was formed through the following process. On 16 March, an extraordinary Cabinet meeting was held at the consolidated government building. It was held in a depressed atmosphere because its purpose was to hand en masse resignations to President No Tae-u.

Prior to handing in their resignations, the following 29 Cabinet members reportedly shared light conversation to soften the atmosphere. The following 14 people were told to stay: Prime Minister Kang Yong-hun, Minister of Foreign Affairs Choe Ho-chung, Minister of National

Defense Yi Sang-hun, Minister of Education Chong Won-sik, Minister of Culture Yi O-ryong, Minister of National Construction Kwon Yong-kak, Minister of Labor Choe Yong-chol, Minister of Communications Yi U-chae, Director of the Environmental Protection Agency Cho Kyong-sik, Director of the Bureau of Public Information Choe Pyong-yol, First Minister of State Pak Chol-on, Director of Patriots and Veterans Agency Yi Sang-yun, full-time member of the Agency for National Security Planning Choe Mun-kyu, and Mayor of Seoul Ko Kon. The following 15 people resigned: Deputy Prime Minister Cho Sun, Minister of Home Affairs Kim Tae-ho, Minister of Finance Yi Kyu-song, Minister of Justice Ho Hyong-ku, Minister of Sports Kim Chip, Minister of Agriculture and Fisheries Kim Sik, Minister of Trade and Industry Han Sung-su, Minister of Energy and Resources Yi Pong-so, Minister of Health and Social Affairs Kim Chong-in, Minister of Transportation Kim Chang-kun, Minister of Government Administration Kim Yong-nae, Minister of Science and Technology Yi Sang Hui, Minister of National Unification Board Yi Hong-ku, Second Minister of State Kim Yong-chong, and Minister of Government Legislative Administration Agency Hyon Hong-chu.

"We lived under the same roof during difficult times. Even if some of us leave, I hope our friendship remains the same." "Therefore, we ought to meet with each other occasionally." "Since the minister of government administration has played a role in general affairs, I think Minister Kim Yong-nae should take the lead in organizing the meeting." Basically, this was the content of the conversation.

Of those who proposed the formation of an association, some people ended up staying in office while others resigned. It is said that the ministers whose prospective resignations were mentioned in the press did not advocate formation of an association solely to prepare for the post-resignation times, and that the formation of the association was the result of a casual conversation.

A few ministers who resigned after the announcement of the Cabinet reshuffle held a meeting and agreed to have their first gathering in the middle of April as discussed previously. At the same time, it was agreed to include the following former ministers who got out of the Second Cabinet of the Sixth Republic: Former Minister of Home Affairs Yi Hang-tong, former Minister of National Construction Pak Sung, former Minister of Health and Social Affairs Mun Tae-chun, former Minister of Government Administration Kim Yong-kap, former Minister of Labor Chang Yong-chol, and former First Minister of State Chong Chong-taek. Altogether, the association was composed of 35 members, including 14 present members and 21 former members of the Cabinet. A founding ceremony was held in the afternoon of 17 April at the Taewonkak restaurant in Songbuk-dong, Seoul.

Of the 35 members, 28 people showed up. The other seven people, who had expressed their intent to join the association but could not attend the meeting because of personal reasons, such as domestic or overseas travel, excused themselves in advance from attendance. At the meeting, the members decided to name the association Yukjunghoe. At first, some members said, "Let's call it Yuk-i-how since we served in the Second Cabinet of the Sixth Republic." But former Deputy Prime Minister Cho Sun, who is well versed in sinology, said, "Yukjunghoe sounds elegant and is easy to pronounce." Hence, the name Yukjunghoe.

Prime Minister Kang Yong-hun, who is the highest-ranking official, became president of the association. This compares favorably with Yukchohoe, whose president is former Prime Minister Yi Hyon-sin. Unlike Yukchohoe, however, Yukjunghoe has a vice presidential post, which is assigned to former Deputy Prime Minister Cho, because the president of Yukjunghoe is an active member of the Cabinet. Additionally, in order to ensure the smooth operation of the association, it was decided to appoint three executive secretaries, each of whom was selected from present ministers, assemblymen and civilians. The following people were appointed: Minister of National Defense Yi Sang-hun, Assemblyman Chang Yong-chol and Mr Kim Yong-nae. Mr Kim was also appointed as director of general affairs.

Plans To Honor Model Civil Service Workers, Meeting on the First Friday of Each Month

The association members decided to meet on the first Friday of each month at a public restaurant—not in a hotel. Until an office is acquired, the contact point is the legislative section of the Ministry of Government Affairs. The membership fee is 30,000 won per month. Some of this money is to be used for meeting expenses and the remainder is to be saved for a cash donation of 500,000 won or an equivalent gift for various events of the association's members.

Of course, the association members are to strengthen their friendship and relations. In light of their past public service work, the association members have also decided to select model civil service workers and honor them in the name of Yukjunghoe sometime at the end of each year.

Regarding the issue of honoring model civil service workers, General Affairs Director Kim Yong-nae said, "Around the end of each year, the Ministry of Government Affairs sponsors an event to select and honor the model civil service workers in all areas. In this event, hundreds of civil service workers are selected. Of these, Yukjunghoe plans to select about four people from the field police officers, prison officers, mail carriers, and civil service workers in remote islands, and then reward them with an honorary certificate, medal and an extra prize. We have not yet decided as to the number of people and type of prize. Detailed plans will be developed as our meeting proceeds."

Regarding the relationship between Yukjunghoe and Yukchohoe, General Affairs Director Kim said, "They are alike in many areas, such as rules and membership.

but they are separate organizations." He said that some of the Yukjunghoe members, including Mr Yi hong-ku, Mr Hyon Hong-chu and himself, are also members of Yukchohoe, but the activities in each organization are different.

Director of General Affairs Kim said the unprecedented appearance of the associations of the former and present ministers of the Sixth Republic is an "indication of the growing number of professional and friendship organizations in concert with diversifying society." He added, "As people get older, those who have had a common life for some time seem to seek the value of life, such as health, hobbies and culture, through such an association."

A resigned minister said, "Three months after you resign from a ministerial post, people no longer call you to dine together or play golf. For one to two months after resignation, there are still some calls, but there is nothing after that. While serving in a post, we frequently decline requests for meetings because of busy schedules; but once we resign, the situation is reversed. It is truly a misunderstanding that former ministers have a prosperous life just because they were once ministers."

Victims of Kwangju Uprising To Be Compensated

SK3107004790 Seoul THE KOREA TIMES in English 31 Jul 90 p 2

[Text] The government and the ruling party have decided to pay compensation to victims of the 1980 military suppression of a democratic uprising in Kwangju next month.

The decision was made following the passage of a special bill on the compensation for victims of the tragic incident ten years ago in the National Assembly early this month. The ruling Democratic Liberal Party passed the bill unilaterally along with other controversial bills.

An enforcement decree will be proclaimed after it is approved by the Cabinet early next month, party sources said. The decree will provide the standard of compensation, procedures for compensation, period of payment. The decree will also rule that a subsidy of 70 million won shall be paid to the bereaved families of the killed, apiece, except for the compensation money. Injured persons will be paid 20 million to 50 million won in six classes according to the degree of injury, they said.

Deputy Prime Minister Speaks on Budget Increase

SK2907031590 Seoul THE KOREA TIMES in English 29 Jul 90 p 8

[Text] Amid growing controversy over the government's plan to increase next year's budget at a galloping double-digit rate, Deputy Premier Yi Sung-yun said yesterday that the Economic Planning Board will have a broad range of consultations with all strata of society before finalizing the 1991 budget.

Yi, who is concurrently the economic planning minister, revealed the administration's flexible stance meeting a group of editorial writers at newspapers and commentators at broadcasting networks during a seminar in Togo, Chungchongnam-to. The seminar was hurriedly arranged right after the nation's top economic planner announced next year's budget scaled at 28.5 trillion won, an increase of about 25 percent over this year's.

Critics have argued that the expansion of next year's budget is likely to give rise to runaway inflation expected to hover around the double digits by the end of this year. Analysts doubt that the idea of increasing next year's budget might stem from political motives aimed at translating into action various election pledges President No Tae-u made in 1987 when he was a presidential contender of the ruling party.

Deputy Premier Yi faced a barrage of questions from senior journalists over the incumbent administration's intention to increase the budget against the popular hope for price stability. Yi told the journalists, "we will have a wide range of dialogue with all walks of life to finalize the budget, which is a major concern of the people, and reflect their opinions in fiscal policy.

However, he reaffirmed his earlier assertions that the fiscal scale should be increased in order to expand the social infrastructure, which he calls a crucial undertaking necessary to seek the continued national development on a long-term perspective. He said that it is undesirable for the government to excessively curb fiscal needs, which have been explosively increasing.

The expansion of budget is not a turnaround in the government's attempt to stabilize the national economy through arresting inflation and it will rather serve to put the economy on the right track on a long-term perspective, he argued.

Opposition Opposes Increases

SK0108072290 Seoul YONHAP in English 0702 GMT 1 Aug 90

[Text] Seoul, Aug. 1 (OANA-YONHAP)—South Korea's leading opposition party said Wednesday that expanding the budget in 1991 was a "scheme to gratify the government's avarice" because it might destabilize prices.

"Government plans to expand the budget growth rate to 25 percent to 26 percent next year are highly undesirable under the current conditions. Economic structural adjustment is now badly needed because of jumping domestic demand and sluggish exports," said a spokesman for the Party for Peace and Democracy. The budget growth rate hovered just above 10 percent in the latter 1980s—12.2 percent in 1988 and 10.1 percent in 1989—but leaped to 18 percent in 1990. He said budget expansion contradicted the government's basic policy, which is to protect take-home wages by creating new jobs, and if not done in step with growth of the gross national product would add to inflation.

Finance Ministry Announces 'Fair Competition'

SK2607020790 Seoul YONHAP in English 0146 GMT 26 Jul 90

[Text] Seoul, July 26 (OANA-YONHAP)—The government will gradually extend the liberalization of foreign investment in South Korea from next year, and tax privileges for foreign enterprises will be substantially curtailed in January to ensure fair competition between domestic and foreign firms, a Finance Ministry official said Thursday.

The ministry will introduce a bill to the National Assembly in September to revise the law on the introduction of foreign capital and overhaul the foreign investment system, he said.

Under the bill, the license system for foreign investment will be gradually converted into a report system, but some businesses in the industrial rationalization category, such as distribution and retail, will remain subject to the license system.

Korea will liberalize 791 businesses, 79.2 percent of a total of 999 with an industrial classification, for foreign investors. It will ban 51 from foreign investment and imposes restrictions on 157.

The official said foreign enterprises entitled to tax favors will be limited to those engaged in high technology, a major change from the present system, which grants tax favors to six kinds of foreign firms.

Reasons Reported for First-Half Trade Deficit

SK2507021590 Seoul YONHAP in English 0200 GMT 25 Jul 90

[Text] Seoul, July 25 (YONHAP)—South Korea posted a trade deficit of 2.771 billion U.S. dollars in the first half of the year, government statistics showed Wednesday. Korea enjoyed a massive trade surplus in 1988, but dropped into the red last year as it opened its market to foreign corporations and the Korean won depreciated.

In the first six months of the year, imports totaled 32.524 billion dollars while exports reached 29.753 billion dollars, according to statistics compiled by the National Customs Office.

In June, for the first time this year, exports surpassed imports by 235 million dollars, mainly helped by an export boom in footwear, electronics and machinery.

Trade analysts attributed the deficit to an overall slowdown in major overseas markets.

Korea had a 2.897 billion-dollar deficit with Japan, up 854 million dollars from a year ago, and the trade surplus with the United States dropped 62.6 percent to 896 million dollars.

Trade with the European Community turned around to a 261 million-dollar deficit from a 368 million-dollar surplus.

Exports 'Seriously Declining' Since Last Year

SK3107001390 Seoul THE KOREA TIMES in English 31 Jul 90 (Supplement) pp 1, 3

[Article by staff reporter Choe Won-suk: "Korea Strives Hard To Regain Lost Market Share"]

[Text] The nation's exports have been seriously declining since last year due to the won's steep appreciation against the U.S. dollar and high wage increases brought on by labor-management disturbances.

As a result, the government is endeavoring to put exports on the right track. But is is unable to launch a new export drive policy as in the past before the mid 1980s because of the breakout of fresh trade friction with the United States, the 12-member European Community and other advanced countries.

According to statistics from the Trade-Industry Ministry, the trade account during the first half of this year recorded a deficit of more than $2.7 billion on a customs clearance basis. The figure has already surpassed the $2 billion deficit for the year initially set by the government with $65 billion in exports and $67 billion in imports.

It is generally expected that it will be impossible to curb the trade deficit for the year at the projected $2 billion, as no signs of an export recovery have appeared. In particular, arrivals of export letters of credit (L/Cs) are continuing to slide. The arrival of export L/Cs serves as a yardstick to estimate shipment trends two or three months in advance. Worst of all, it is quite certain that the current account will turn into the red this year, the first setback since 1986. The current account is based on merchandise and invisible trade.

Needless to say, the won's high revaluation against the U.S. dollar and lofty wage increases have severely eroded the international competitiveness of Korean products. As business concerns will have to continue to increase wages for their workers in the years to come, Korean products will further lose price competitiveness on the international market. To make the matter worse, Korea is increasingly challenged by such developing countries as Southeast Asian nations and China which are rapidly penetrating the world market with relatively cheap products. In reality, they have already dealt a severe blow to Korea in terms of exporting labor-intensive items such as footwear, toys, textiles and harberdashery.

Korean-made high tech products such as automobiles and electronics are rapidly losing their popularity on the international market challenged by their Japanese counterparts.

Their poor exports since last year are mainly attributed to the low level of high technology compared with that in the United States,the EC, Japan and other advanced

countries. Therefore, the only way for Korea to survive in the international market where competition is getting fierce is to manufacture high quality products. But it will take a long time for the development of high tech products such as automobiles and electronics in consideration of the fact that their makers have not yet accumulated competitive and efficient technology. Despite the underdevelopment of technology, most companies have been reluctant to invest more in research and development (R&D) projects due to labor management conflicts.

Against this backdrop, the government is encouraging manufacturers of such labor-intensive products as textiles, footwear, toys and other light industrial items to improve the quality of their goods to the level of world class. The quality improvement will naturally increase the added value of those products and eventually gain wider access to the international market.

In 1986, the government chose 10 items as strategic exports goods in a bid to spur the nation's shipments. Among them were footwear, toys, bags, ceramics and spectacle frames.

In February, 1987, 38 manufacturers of those products were selected in order to encourage them to improve the quality of their items to the level of world class providing them with various tax and financial incentives.

An additional 12 items have joined the lift of strategic export products. They include color TVs, video cassette recorders (VCRs) and microwave ovens.

Last year, exports of footwear, toys, bags, ceramics, pianos, fishing rods, spectacle frames, color TVs, VCRs and microwave ovens amounted to $1,492.45 million. The figure showed a 13 percent increase from the $1,320.692 million registered in 1988. By item, exports of footwear stood at $56.659 million (up 99.7 percent from 1988), toys $53.861 million (up 20 percent), bags $1.232 million (22.5 percent), ceramics $1.993 million (up 13.4 percent), fishing rods $15.309 million (up 7.1 percent), and color TVs and VCRs $1,300.07 million (up 14 percent). However, exports of pianos decreased 29.7 percent to $63.146 million and those of spectacle frames 70.8 percent to $180,000.

In the meantime, shipments of those strategic items to Japan amounted to $394,427 million, demonstrating a 17.9 percent increase from the $334.419 million recorded in 1988. Specifically, footwear accounted for $71.302 million (up 9.7 percent), toys $7.152 million (up 8.9 percent), bags $2.085 million (up 40.9 percent), ceramics $343,000 (down 45.9 percent), pianos $14.123 million (up 6.9 percent), fishing rods $5.009 million (down 42 percent), spectacle frames $2.141 million (down 10.4 percent), and color TVs and VCRs $292.267 million (up 23.6 percent).

The government plans to select a substantial number of items in a bid to groom them as strategic export products. They include stationery goods, zippers, buttons and a wide range of haberdashery. The government is expanding the supply of loans to manufacturers of strategic items in order to lessen their financial burden and to help them develop better products. Most of those makers are small and medium industries. Financial favors extended to them are remarkable in that the government prohibits business conglomerates from obtaining fresh bank loans with its tight monetary policy.

The government also plans to expand tax benefits to manufacturers of strategic items. Such makers are being encouraged to export products using their own trademarks instead of relying on the original equipment manufacturing (OEM) formula.

Plant Exports Expected To Rise This Year

SK3107011590 Seoul THE KOREA HERALD in English 31 Jul 90 p 6

[Text] Plant exports are expected to rise to more than $1,000 million this year, the Ministry of Trade and Industry said yesterday. At the outset of the year, the government targeted plant exports at $800 million. The readjusted target amount of plant exports is based on their performance during the first half of this year, the ministry said.

The nation exported plants worth $487 million, up 132.9 percent from the first half of last year, it said. Shipments to Asian countries accounted for 86.2 percent of the total shipments with $306.3 million. Hyundai Heavy Industries Co. contributed much to plant exports by selling a large off-shore platform worth $148.7 million.

Plants accounted for 1.63 percent of the nation's total exports, which were recorded at $29,740 million during the first half of this year, the ministry said. Their share was 0.81 percent last year.

Manufacturing plant exports rose sharply to $238.5 million as orders for cement and chemical plants poured in, the ministry said. The growth rate was 372.3 percent for manufacturing plant exports, 161.3 percent for off-shore platform exports and 91.9 percent for construction and transportation plants. But electric plants saw exports drop 37.9 percent to $39 million.

Report on South's 'Bubble Economy Syndrome'

SK2507010190 Seoul THE KOREA TIMES in English 25 Jul 90 p 8

[Text] Korea seems to be suffering from the "bubble economy syndrome,"—signs of which are overly inflated prices of land and equity shares, a think tank report says.

According to the report titled "The Bubble Economy and Management of Financial Institutions," published by Shinhan Research Institute, the whole economy of the country is likely to crash like a bubble bursting if it fails to hold runaway stock and real estate markets in check.

The report suggests the industrial production should be boosted with all speed to preempt the possible economic ruin.

In its gloomy economic picture, the skyrocketing land prices and sagging stock market are a clear indication of the turbulence of the national economy. Land prices began soaring in 1987, jumping 14.7 percent. They went up again 27.5 percent and 31.9 percent in 1988 and 1989 respectively. Real estate dealers were able to make a huge amount of unearned income. The unearned income made from realty transactions was 331 trillion won in 1989, which was double the gross national product (GNP), and five times the total amount of workers' wages for that year. The aggregated amount of Korea's land prices were 1,300 trillion won as of July 1, 1989, which is translated as nine times more than its GNP. In Japan, the land price is 6.5 times its GNP, and in Britain twice.

The other salient aspect of Korea's bubble economy is its stock market. It has expanded wildly just as the nation's economy has in 1986 and the following years. It's size was 95 trillion won in total stock prices in 1989, 38.6 times bigger than that in 1980. During the 10 years, the country's GNP had grown four times in size. The growth of the stock market has taken a downturn in the recent months only to prove its weakness.

As the report shows, the two abnormalities can be considered a watershed for the Korean economy. In one aspect, there will be an economic catastrophe in which land and stock prices freefall. In another aspect, there is the possibility that Korean economy will sustain the current difficulties and lay firm ground for further growth.

Fears Rise as Major Economic Indexes Fall

SK3107003390 Seoul THE KOREA TIMES in English 31 Jul 90 p 8

[Text] Three major economic indexes fell in June, raising fresh fear that the economy is showing sign of cool-off. Furthermore, trade account has been running deficit so far this month.

The Economic Planning Board [EPB] yesterday reported that the coinciding economic index, an indicator showing the current economic trend, fell 0.2 percent in June, following May's 0.7 percent sligppage. Another major indicator, the leading economic index, recorded loss for the past three consecutive months, off 0.1 percent in April, May and June, respectively. The cyclical variable index was off 0.8 percent, standing at 94.5 percent in June, which is the lowest since March in 1972. The 100-point mark is regarded as a turning point whether an economy is boom or bust.

An EPB official said a temporary fall in the major indexes is not a source of worry as domestic orders for machinery and domestic construction orders grew at a healthy pace of 40-41.9 percent respectively. EPB said factory operation rate rose to 78.8 percent in June from May's 76.4 percent. Unemployment rate fell to 2 percent in June from 2.2 percent in May. The agency said a drop in major economic indexes was caused due chiefly to slower growth in new construction permits and domestic consumption.

Domestic retail and wholesale grew 12.4 percent in June, off from the 13.9 percent growth in May.

Against officials rosy expectations, no signs are emerging of a pickup in exports during the latter half of this year.

The nation's trade balance, which posted a surplus last month for the first time this year is once again showing a deficit this month thanks to lagging exports against rising imports. According to an interim tally, exports from July 1 until July 26 amounted to 3.89 billion U.S. dollars against 4.75 billion dollars worth of imports during the corresponding period. The increase rate for exports over the same period last year was 2.5 percent against 13.4 percent in imports, officials revealed.

This month alone, the trade account has notched up a shortfall of 855 million dollars on a customs clearance basis. The aggregated trade deficit from January to July stood at about 3.62 billion dollars, well beyond the government's yearly target of 2 billion dollars in the red.

As to the protracted slump in exports, Trade-Industry Ministry officials said that Korea has various structural problems hampering the boosting of exports on a long-term basis. They then painted a gloomy picture over the possibility of achieving this year's export goal of 66 billion dollars.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Leaves for Visit to Venezuela 31 Jul

BK3107132690 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 31 Jul 90

[Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed left today for Venezuela for a week-long visit. Seeing the prime minister off at the Kuala Lumpur airport were Information Minister Datuk Mohamed Rahmat and other officials.

The prime minister is scheduled to attend a meeting of the South Commission in Caracas on Friday. He is also scheduled to hold talks with Venezuelan President Carlos Perez. The prime minister is accompanied by several Cabinet ministers and high-ranking officials.

Mahathir Agrees to Commonwealth Observers Team

BK2507155390 Kuala Lumpur Domestic Service in Malay 1430 GMT 25 Jul 90

[Text] Prime Minister Dr. Mahathir Mohamed announced today that the Cabinet has decided to invite a Commonwealth observers team to witness the forthcoming general election. Dr. Mahathir told newsmen that an invitation will be sent soon to the Commonwealth Secretariat in London. He said the observers would have to confine themselves to observing the elections, like other observers witnessing elections in the United States and Britain, and not as an election investigation team or commission.

The decision was made because of doubts that arouse over the presence in Kuala Lumpur of two senior officials from the Commonwealth Secretariat who came before a formal invitation was extended by the government. It is believed that the Commonwealth officials had been influenced by the election watch group which sent a letter directly to the Commonwealth Secretariat. The Secretariat had telephoned the prime minister insisting that permission be granted to send the two officials, with the aim of meeting the opposition parties and the election watch group.

Prime Minister Mahathir agreed to the request because he did not want the government to be suspected of hiding something.

Paper Comments on Observers in General Election

BK2507123090 Kuala Lumpur NEW STRAITS TIMES in English 22 Jul 90 p 10

[Editorial: "Beyond Reproach"]

[Text] The good counsel of the newly-formed Group of Concerned Citizens (COCC) should be heeded. This group of distinguished Malaysians, led by former Dewan Negara [Senate] president Tun Haji Omar Ong Yoke Lin (a stalwart of parliamentary democracy), must have strong and compelling reasons to adopt such a clear-cut and resolute stand to bar any form of domestic or foreign interference in the conduct of the coming general election. Any attempt to undermine the position, authority and integrity of the Election Commission must be resisted.

They have quite correctly pointed out that the integrity of the Election Commission and the conduct of all the past eight general elections held since 1955 had never been questioned. "We should be fully convinced that Malaysians can determine their own destiny through the democratic process, and, as such, there is no need for interference in this process from any source." We aver likewise in this column.

The Election Commission has been constitutionally established as an independent body to conduct all elections for the Dewan Rakyat [Parliament House of Representatives] as well as the State Legislative Assemblies. Created under article 114 of the constitution, the main task of the commission (whose members have all been appointed by the Yang di-Pertuan Agong [paramount ruler] after consultation with the Conference of Rulers) is to safeguard and maintain the democratic process through fair and just elections. The Election Commission has a long record of dedicated and competent service; its performance until now is undoubtedly beyond reproach. It has done a very good job, whatever the detractors may say.

As Tun Omar has also pointed out, any candidate (or any person, group or party) not happy with any aspect of the election process has the right to lodge a complaint with the Election Commission. The elections cannot be challenged or called into question except through election petitions filed in court. In fact, many so-claimed aggrieved parties and groups have made a lot of noise about taking the Election Commission to court during the campaigning period to attract public attention or to win sympathy votes, but they have always failed to follow through their empty threats. The most recent example is the DAP's [Democratic Action Party] sterile threat over the new vote-counting procedure in the Sabah election. Thunder, but no rain.

Prime Minister Datuk Sri Dr Mahathir Mohamed has described the emergence of the controversial Election Watch (a bolt from the blue) as an election gimmick carried out by a very small group of people with an axe to grind. He has responded by inviting observers from Commonwealth countries for the coming general election. He has explained that although the Election Commission has been conducting general elections independently, fairly and justly, foreign observers can testify to the actual conduct of the next general election, and their presence can help to counter any false allegations and accusations against the Government. The GOCC has persuasively argued that there is no need for such a watchdog mission in view of the clean and impeccable record of the Election Commission. We concur with the view that there is no need for such a Commonwealth group or any other group (external or internal) for that matter.

Cambodia

Radio Says Sihanouk, Son Sann Obstruct SNC

BK3107161190 Phnom Penh Domestic Service in Cambodian 1300 GMT 31 Jul 90

[Station commentary: "Who Obstructs the Formation of the Supreme National Council?"]

[Text] At present, the supreme national council [SNC] is the most urgent matter in the solution to the Cambodian problem. Concerning this matter, the fifth meeting of the five permanent members of the UN Security Council in Paris and the annual foreign ministerial meeting of the ASEAN countries in Jakarta had appealed to the Cambodian parties to quickly reach agreement on the formation of this SNC.

Everyone still remembers well that the main obstacle to the settlement of the Cambodian problem, causing a deadlock to the Paris international conference on Cambodia and the Jakarta informal meetings, is the question of who is controlling Cambodia at this turning point.

To break this deadlock, Comrade Hun Sen, chairman of the Council of Ministers of the State of Cambodia, and Samdech Sihanouk, head of the Cambodian National Government, agreed in a joint statement signed in Bangkok on 21 February that the formation of a supreme national council was necessary as a symbol of Cambodia's sovereignty and unity. That was the preliminary birth of the SNC during a bilateral meeting in Tokyo between Comrade Hun Sen and Samdech Sihanouk.

In the fifth point of the joint communique signed on 5 June by Comrade Hun Sen and Samdech Sihanouk, it was clearly stipulated that the SNC must be comprised of equal numbers of representatives from the two sides for the sake of representing the different views and opinions of the Cambodian people, that is a six-plus-six composition. As of now the SNC has not yet taken shape.

By constantly and firmly adhering to the Tokyo communique, Comrade Hun Sen sent a list of six representatives from the State of Cambodia to this SNC on 13 June. But, by 16 June, Comrade Hun Sen received a list comprising only four representatives from Samdech Sihanouk's side. To enable this top national body to quickly hold its meeting so that the voluntary cease-fire will go into effect in line with the essence of the first convention of the Tokyo communique, on 19 June, Comrade Hun Sen sent another letter to Samdech Sihanouk in which he urged the samdech to name two more representatives and set any appropriate venue and timetable for convening the first SNC meeting. Therefore, the fact that the SNC has not taken shape in the past nearly two months is not the fault of the State of Cambodia's side, but it is concretely the fault of the other Cambodian side. Particularly, it is the direct fault of Samdech Sihanouk who signed the communique and of Son Sann who attended the meeting and agreed with the Tokyo communique.

Everyone still remembers that Samdech Sihanouk had accused Son Sann of preventing the formation of the SNC. Recently Samdech Sihanouk agreed to let Son Sann call a meeting of the Cambodian parties in order to establish the SNC which the prince himself had already established jointly with Hun Sen. Moreover, the samdech shamelessly declared that he could not establish a SNC without the participation of Pol Pot's Khmer Rouge. We ask: Who is responsible for the presence or absence of Pol Pot's Khmer Rouge in the SNC composition?

Comrade Hun Sen announced clearly in Tokyo that he would not recognize Pol Pot's Khmer Rouge as an independent component of the Cambodian National Government headed by Samdech Sihanouk and that the Tokyo communique did not close the door on the Khmer Rouge.

The Cambodian people would like to remind the samdech and Mr. Son Sann that if they really love their country and want the SNC to take shape so as to advance toward a cease-fire, mutual trust, and a free, democratic, and fair election in Cambodia, they should be brave enough to firmly implement the Tokyo joint communique. Otherwise, they will be regarded as being good only at paying lip service.

Editorial Pays Tribute to Vietnamese Army

BK2707101790 Phnom Penh Domestic Service in Cambodian 2300 GMT 26 Jul 90

[PRACHEACHON editorial: "Emulate the Noble Heroism of the Heroic Vietnam People's Army"]

[Text] With the fraternal Vietnamese party, army, and people, this year the entire Cambodian party, army, and people will mark a day of gratitude to the fallen and disabled Vietnamese combatants. We are doing this with sincere feelings of solidarity, respect and gratitude for the noble sacrifice of the fallen, disabled or wounded soldiers, cadres, and combatants of the heroic Vietnam People's Army [VPA] and their families. They have courageously volunteered with a high sense of patriotism and proletarian internationalism, all kinds of self-abnegation for the socialist Vietnamese motherland and for the glorious cause of national defense and reconstruction of the Cambodian people.

Our Armed Forces and people can never forget the history of the brave struggle waged by the heroic male and female combatants of the fraternal VPA who sacrificed blood and flesh in the cause of national and class liberation. The excellent sons and daughters of Vietnam have firmly upheld this invaluable tradition in the defense of their socialist motherland and in the reconstruction of fraternal Cambodia and Laos with the highest sense of proletarian internationalist solidarity.

The Vietnamese people have sent their beloved sons and daughters at every stage of the Cambodian people's struggle to contribute and fight alongside the Cambodian

army and people, and endure all kinds of hardship. Holding aloft the banners of patriotism and internationalist solidarity, the Vietnamese army and people won one victory after another in the movements to drive out the French colonialists, Japanese militarists, and U.S. imperialist aggressors. They succeeded in reunifying the motherland along the road of socialism. All this is clear evidence of their most powerful and resolute determination not to lose even a square inch of territory or to be enslaved or subjugated by the enemy. They have firmly grasped the meaningful remarks of President Ho Chi Minh, the famous leader of the Vietnamese motherland, who said that nothing is more valuable than independence and freedom.

When Cambodians were living miserably in the sea of blood and tears faced with the danger of genocide perpetrated by the blood-thirsty Pol Pot gang wreaking havoc in Cambodia, Vietnamese volunteer troops responded in time to the Cambodian people's call. They cooperated with the Cambodian People's Armed Forces to successfully attack and topple the genocidal Pol Pot regime on 7 January 1979, thereby rescuing the Cambodian people from the sea of blood and tears. In addition to this immense service, and despite the shortages they themselves experienced then, the fraternal Vietnamese people generously shared whatever little food they had with their Cambodian brothers in order to carry on the glorious tradition of the Cambodia-Vietnam bonds of solidarity.

On this day of gratitude to Vietnam's fallen, invalid, and wounded soldiers, the entire Cambodian party, army, and people would like to pay their tribute to the memory of fallen Vietnamese combatants. We also want to express our most profound gratitude to the disabled soldiers, the cadres, and the combatants of the fraternal VPA, and their families, especially to the Vietnamese mothers and sisters, who offered their sons or husbands for the proletarian internationalist duty in Cambodia. At the same time, the entire Cambodian party, army, and people would like to express their determination to emulate the brilliant heroism and the invaluable spirit of proletarian internationalism displayed by the fraternal VPA. In particular, they want to do their best to further strengthen and develop the Cambodia-Vietnam-Laos bonds of solidarity in order to contribute to building peace and stability in Southeast Asia and the rest of the world.

Ranariddh Denounces 'Mischievous Reporting'

BK3107151890 Hong Kong AFP in English 1447 GMT 31 Jul 90

[Text] Bangkok, July 31 (AFP)—A non-communist guerrilla faction fighting to topple the Phnom Penh government denounced Tuesday the international press for what it termed its "mischievous reporting" on Cambodia. The accusation came in a statement from the office of Prince Norodom Ranariddh, blaming the press for reporting in language "deliberately used to achieve a de facto political recognition of the Vietnamese puppet regime in Phnom Penh."

Prince Ranariddh is the son of Prince Norodom Sihanouk and the commander of his guerrilla force, one of two non-communist groups allied to the Khmer Rouge, a powerful Marxist faction supported by China.

"The international press community should be more cautious and refrain from naming Mr. Hun Sen as a prime minister, thereby omitting totally his Khmer Rouge background," the statement said.

Mr. Hun Sen is the prime minister of the Phnom Penh government, which was installed 11 years ago following Vietnam's invasion of Cambodia to overthrow a Khmer Rouge regime. He is a former Khmer Rouge military commander.

Prince Ranariddh's statement suggested it would be "more suitable" to describe Mr. Hun Sen as "the former Khmer Rouge" or "the Vietnamese figurehead." The latter was an apparent protest against press reports referring to Prince Sihanouk as a figurehead leader of the guerrilla coalition, which is dominated by the Khmer Rouge.

The statement pointed out that Prince Sihanouk is "still the sole legitimate president of Cambodia." The prince, Cambodia's former monarch, officially heads the guerrilla alliance which holds Cambodia's seat at the United Nations.

Ranariddh Says Hun Sen Troops Abduct Civilians

BK0108015590 Bangkok BANGKOK POST in English 1 Aug 90 p 4

[Text] Cambodian resistance leader Prince Norodom Ranariddh yesterday accused Phnom Penh soldiers of forcibly abducting Cambodian civilians from guerrilla-controlled areas in "flagrant violation of human rights."

The commander-in-chief of the Sihanoukist army estimated that a "few thousand" villagers from Kompong Thom Province had been forced to follow the "enemy troops" to Phnom Penh. Those who tried to escape or were unwilling to go were gunned down but the number of those killed was unknown, he quoted eye-witnesses as saying.

In a written statement circulated here, the prince also accused Hun Sen units backed up by Vietnamese troops of putting villages to the torch after heavy shelling and pillaging, notably of cattle and rice. The "heinous acts" were "not so dissimilar to those committed by the Nazis against the population who supported the resistance during World War II," he said. The "flagrant violation of human rights" took place in Kompong Speu and Kompong Thom, he noted. Such acts are "just as condemnable" as the Khmer Rouge train attack, he pointed out.

Phnom Penh's Defence Minister Tie Banh has said 53 people were killed and 100 others wounded in the July 15 assault on a train heading for Phnom Penh from Battambang.

Hun Sen units backed up by Vietnamese troops put villages in Staung and Kompong Svay districts of Kompong Thom under heavy shelling after "ungraciously retreating from Staung," Prince Ranariddh said.

Artillery such as 105 mm, 120 mm and BM21 Stalin-organs were used in what he described as "cruel retaliation" against civilians supportive of the resistance.

Quoting local people, he claimed that "enemy troops" had sacked and pillaged the villages of Dong, Thmei, Samraoung, Kraya, Sarkream and Thman in Stoung District and the villages of Phdiak, Sramar, Prey, and Damrei Kragnaung in Kompong Svay District. Cattle and "thousands of tons of rice" that villagers were saving for the rainy season were taken from villages in both districts, he noted.

There were no details on the situation in Kompong Speu, where the Khmer Rouge have a strong presence although the Sihanoukists have consistently denied joint military activities with them.

VOK Discusses 'Softening' of Soviet Policy

BK2807085590 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 28 Jul 90

[Station commentary: "The Five Major Powers' Agreement on the Cambodian Problem"]

[Text] Our commentary today is on an excerpt of the statement by the special representative of the UN General Assembly, Rafiuddin Ahmed, on the agreement of the five permanent members of the UN Security Council [UNSC] at the recent meeting in Paris.

Ahmed Rafiuddin told ASEAN foreign ministers in Jakarta that the five permanent members of the UNSC have agreed on two major points at the recent meeting in Paris, France. It is to be specified that details of the five members' meeting in Paris were not made public after the end of the meeting. The detailed results of the meeting were only disclosed by Rafiuddin and UN officials at the meeting of ASEAN foreign ministers in Jakarta, Indonesia.

Rafiuddin said there are two major points agreed upon by the five major powers: the military cooperation on a cease-fire in Cambodia and the interim administration in Cambodia. Rafiuddin said on the military cooperation, the five major powers—the United States, the Soviet Union, China, Britain, and France—have agreed that all Cambodian parties' forces should be assembled in one place under UN control and be disarmed. On this point, the Soviet Union has softened its attitude and differed from Vietnam and the regime propped up by Vietnam. Earlier, the Soviet Union and Vietnam insisted that in any cease-fire, troops of all parties should remain where they are. Rafiuddin said it is this softening of the Soviet stance that has led to the agreement among the five major powers.

Another point of agreement is the internal administration during the interim period, said Rafiuddin who specified that following the four visits to Cambodia by UN representatives, the five permanent members agreed that the United Nations should have the role of administering and organizing free election in Cambodia and that the United Nations could also have the power to veto the supreme national council during the transitional period.

There are three other points on which the five major powers have not yet agreed upon: the international guarantee, the defense of human rights, and the election in Cambodia. However, these three issues could be easily resolved at the five major powers' meeting at the end of July.

Dear listeners, these are the results agreed upon by the five major powers, including the Soviet Union, backer of Vietnam and the regime Vietnam has propped up. Judging from Rafiuddin's statement, we see that the Soviet agreement to go along with the gathering in one place and disarming of troops from all parties under UN control seems to represent a change in Soviet policy on the issue of peace for Cambodia. In other words, the Soviet Union has changed and moved away from Vietnam and the regime Vietnam has propped up and turned to adhering to a correct path along with the international community to solve and end the war in Cambodia. Furthermore, the Soviet Union has agreed, within the framework of the five permanent members, to let the United Nations play a role in administering and organizing free election in Cambodia. This is a major and another key point because only the United Nations can organize a free election in Cambodia.

In sum, the results of the last meeting of the five UNSC permanent members are good news for the Cambodian people who genuinely love peace and independence. It is peace that the Cambodian people are in a position to accept. Therefore, those who oppose the points agreed upon by the five major powers can be said to reject peace and independence for Cambodia. Who are these people? The answer to this question will be coming soon.

Laos

First DPRK Friendship Delegation Arrives

BK2407111190 Vientiane Domestic Service in Lao 1400 GMT 20 Jul 90

[Text] A delegation of the Korean-Lao Friendship Association led by Ms. (Kim Yong-sop), vice chairwoman of the association and chairwoman of the DPRK Committee for Cultural Relations with Foreign Countries [title as heard], arrived in Vientiane at noon yesterday for a visit to our country at the invitation of the

Lao-Korean Friendship Association. This is the first visit to our country by a delegation of the Korean-Lao Friendship Association since the establishment of the friendship associations in the two countries early this year.

On the afternoon of the same day, Ms. (Kim Yong-sop) and the delegation called on Maisouk Saisompheng, minister, head of the Office of the Party Central Committee and of the Council of Ministers, chairman of the Lao-Korean Friendship Association, and chairman of the Lao Committee for the Support of the Unification of the Korean nation. In the meeting on this occasion, the two sides discussed many issues. They particularly discussed means to promote and expand the friendly relations between the two countries in the immediate future and on a long-term basis and to strengthen further the solidarity and cooperation between the two peoples.

This morning, the friendship association delegations of both sides held a meeting at Lan Xang Hotel in Vientiane. The Lao side was headed by Kham-ouan Boupha, deputy minister of agriculture and forestry and vice chairman of the Lao-Korean Friendship Association. The two delegations exchanged views on the situation in their respective countries. They also discussed the strengthening of the friendly relations between the friendship associations of the two countries—Laos and Korea—at present and in the future.

Calls on Leaders

BK2607104390 Vientiane KPL in English 0849 GMT 26 Jul 90

[Text] Vientiane, July 26 (KPL)—A visiting delegation of the Korea-Laos Friendship Association led by its vice president Mrs. Chon Yon-ok, on July 25 paid separate courtesy calls to Mr. Oudom Khatthi-gna, head of the organizational board of the Lao People's Revolutionary Party Central Committee, in charge of the mass organizations affairs, and to Mr. Sisavat Keobounphan, secretary of the party committee and mayor of Vientiane Prefecture.

The discussions were based on the mutual benefit of the multi-lateral cooperation between the Governments of Laos and DPR [Democratic People's Republic] of Korea. In addition, Mrs. Chon Yon-ok informed the Lao leaders of the results of the visit and exchanges of views between the two nationalities.

The Korean delegation arrived here on July 10 at the invitation of the Laos-DPRK Friendship Association.

Signs Memorandum, Cooperation Plans

BK2707113790 Vientiane KPL in English 0904 GMT 27 Jul 90

[Text] Vientiane, July 27 (KPL)—A memorandum on the result of the visit to Laos by a delegation of the DPR of Korea-Laos Friendship Association and cooperation plans of the Laos-DPR of Korea and DPR of Korea-Laos Friendship Associations were signed here on July 26.

The signatories to the documents were Mr. Kham-ouan Boupha, vice president of the Laos-DPRK Friendship Association, and Mrs. Chon Yon-ok, vice president of the DPRK-Laos Friendship Association.

The memorandum covers cooperation plans and exchange of views in various domains between the two sides aimed at promoting the relations between the peoples of the two countries, organizing political, cultural activities, seminars, photo exhibitions and art performances.

Each side agreed to organize the celebration of important holidays of the other side's and the exchange of visits between the two sides' delegations in order to draw experiences.

The Korean delegation on July 25 attended a rally to assess the result of the solidarity month with the Korean people against imperialism with the participation of over 1,000 people.

On the July 26 afternoon, the visiting Korean delegation headed for home, ending its one-week long visit to Laos.

Soviet Technical Cooperation Protocol Signed

BK2607041890 Vientiane Domestic Service in Lao 1200 GMT 24 Jul 90

[Text] A protocol on the strengthening of Soviet-Lao technical cooperation was signed in Moscow on 20 July. Speaking to TASS reporters, Souli Nanthavong, minister of science and technology and head of the Lao delegation, said: The joint efforts by the Soviet Union and Laos to carry out a study on the use of natural resources on Lao territory can become an area of cooperation full of hope between the two countries. The Lao Organization of Science and Technology can act as a leading body for conducting scientific and technical research for the two countries and third countries. In addition, because Laos has possessed a large variety of herbal plants, Soviet-Lao cooperation in the medical field can also be broadened. The construction of small-size hydroelectric dams in Laos also constitutes a new area of scientific and technical cooperation between the two countries in the immediate future.

Schedule of Mekong Bridge Construction Detailed

BK2507045790 Vientiane Domestic Service in Lao 0000 GMT 25 Jul 90

[Text] The Lao-Thai-Australian tripartite coordinating committee for the construction of the Tha Naleng-Nong Khai bridge across the Mekong River yesterday met at the meeting hall of the Ministry of Trade and Foreign Economic Relations in Vientiane.

The Lao delegation was led by Faikham from the Ministry of Communications, Transport, Posts, and Construction, while the Australian delegation was led by Michael Mann, Australian ambassador to the Lao People's Democratic Republic, and the Thai delegation by Pathet Suttabut, deputy secretary general of the National Energy Organization of Thailand.

The tripartite coordinating committee agreed to hold a regular monthly meeting alternately either in Bangkok or Vientiane to follow up and study the contents of the documents on the economic and technical data presented by the project's consultant engineers in April this year. At the meeting, the participants discussed the organization and management aspects of the project during the construction and after the completion of the construction, including the initial designing of the bridgeheads on both sides of the river. The meeting unanimously agreed with the data collected so far on the social, economic and technical impacts of the bridge. After that the actual designing with full details will be carried out. Construction is expected to begin in late 1991 for completion and opening for use by early 1994.

The Tha Naleng-Nong Khai bridge over the Mekong River will be the first bridge linking Thailand and Laos. The span of the bridge over the river will be built with a grant from the Australian government. The construction of the check-points, the roads leading to the bridgeheads, and other facilities on each bridgehead will be funded by the Lao and Thai governments for the portions in their respective territories. After completion, the bridge will become a symbol of profound friendship and effective cooperation among the three countries—Laos, Australia, and Thailand. It will serve to open a new era for strengthening the brotherly relations and equality between the peoples on both sides of the river.

EC-Funded Rural Development Project Reported

BK2407104090 Vientiane KPL in English 0900 GMT 24 Jul 90

[Text] Vientiane, July 24 (KPL)—The pilot project for rural development of the northern Luang Prabang Province has since February 1st, 1990, operated with a supporting fund of 7.2 million dollars from the European Community.

Through its operation in the past five months, the project has conducted a number of programmes: the improvement of traditionally agricultural methods including measures for fixed farming. Among fixed farming approaches are the introduction of anti-erosion cultivation, the rotary cultivation of various beans, the cultivation of fruit and industrial trees, fish culture and animal husbandry.

Besides, the project has completed a feasilibity survey of cutting inter-village roads totalling 175 km which will link with the existing main road, provided local people with clean water sources in the forms of two gravity-fed water systems and eight wells.

The project, in this phase, has selected the area of Nam Dong as its experiment area covering 95 square kilometres of seven hamlets: Houai Thong, Siang Mouak, Pamo, Tin Pha, Nong Tok, Ban Longlao 1 and 2. The main aims of the project focus on the integrated agricultural development, the development and expansion of bridge, road, school and hospital construction, the provision of clean water, personnel training in rural areas for gradual improvement of the people's living conditions.

Sali Vongkhamsao Reports on Financial Work

Installment One

BK2607110590 Vientiane Domestic Service in Lao 0030 GMT 25 Jul 90

[First installment of part one of "report on financial work during the past 15 years and new direction and primary functions of financial work," presented by Sali Vongkhamsao, vice chairman of the Council of Ministers and minister of economy, planning, and finance, at first nationwide financial conference held in Vientiane on 21 June—read by announcer]

[Text] National financial management work in the past 15 years. Realizing the important roles of financial work in the implementation of the party's line and policies and the two strategic tasks of the revolution in the new era, our party and state, since the liberation of the country, has been paying close attention to this sphere of work.

During this period, two monetary reforms were undertaken to unify the monetary system nationwide on the basis of a single kip currency. In 1976, the kip currency of the former Lao Kingdom was converted into the liberation kip. In 1979, the liberation kip was converted to the banking kip.

A number of policies, regulations, and laws were promulgated to lay down the foundation for the unified management and increase in the efficiency of financial work. The promulgation of a number of laws was aimed at regulating budgetary management, distribution budgetary management work, accounting, collection of taxes, arrangement of financial work in state enterprises, salary rates and state subsidies in different forms, and austerity programs. These legal documents have created conditions conducive to disciplining financial work, increasing revenue, and promoting initiatives of finance sectors of different levels in balancing their own budgets.

We have worked out a system of organizing and managing financial work from the central down to the provincial, district, and grass-roots levels. In particular, we have established and renovated the state budgetary management apparatuses at different levels so as to further mobilize and exploit all revenue sources inside and outside the country, invest in socioeconomic development programs, improve and strengthen the administrative power at different levels, guarantee national

defense and maintenance of public security, and restructure salary rates and subsidies to improve the livelihood of cadres, soldiers, state personnel, and multiethnic people.

In each period, the party and state paid attention to improving the efficiency of economic management mechanisms in general, and financial work in particular. For example, the 7th session of the second party Central Committee laid down key policies to control monetary and financial work, price control, and trade activities, and later the policy of guiding enterprises in a business-oriented direction on a trial basis. The sixth meeting of the third party Central Committee promulgated the new pricing and salary policy which was an important turning point toward the new concept. The resolutions adopted at the 4th party congress prescribed various attitudes and steps toward the adoption of new concepts, including appropriate policies in conformity with the actual conditions in our country during the current transition period. For example, we have been implementing the policies of the multifaceted economic foundation development, free and lawful circulation and distribution of goods, single-price structure, self-mastery in finance and planning of enterprises, restructuring of banking mechanisms, new taxes, paying salaries with cash instead of materials, and the economic open-door policy.

These economic policies have had repercussions on the contents and the mechanism and management systems of the financial sector and on the management of the national budget, and have directly influenced the expansion of the socioeconomic structure. For example, during the period of economic revival from 1976 to 1980, the domestic revenue of the state budget increased by six and a half times; investment in infrastructural construction and the amount of revolving funds for enterprises covered 37 percent of the total budget expenditure; and the total domestic production increased during the five-year period by 61 percent while the population increased only 11 percent. Rice production in 1976 was recorded at 661,000 tons [not further specified] and in 1980 at 1,053,000 tons. The gross industrial production increased nearly twofold, and the export value increased by 1.7 times.

During the implementation of the first five-year development plan, from 1981 to 1985, the domestic revenue of the state budget increased 4.6 times, averaging 72 percent per year. The state investment in infrastructural construction and revolving funds for enterprises amounted to 56 percent of the total budget expenditure. The gross domestic production during the five-year period increased by 45 percent as the population increased by 13 percent. Rice production jumped from 1,053,000 tons in 1980 to 1,395,000 tons in 1985. Illiteracy in the country was essentially wiped out.

During the past four years of the second five-year development plan, 1986-1990, the domestic revenue of the state budget increased by 2.6 times. Investment in infrastructural construction covered 44 percent of the total budget expenditure.

Despite severe droughts in 1987 and 1988, our national economy continued to grow. During the above-mentioned four-year period, the country's gross domestic production increased by 20 percent. The quantity of retail goods in circulation per capita increased by 2.4 times. Export value increased nearly twofold. The livelihood of the people had obviously improved, but our financial work in the past years still had many shortcomings. At present, the process of shifting to new business mechanisms has not been fully implemented, which has become an obstacle to socioeconomic development. For this reason, the total and comprehensive restructuring in the financial work has become the main objective and most urgent requirement for the present.

When we talk about the national financial system, we are talking about its three major components, as follows:

1. State finance comprising state budgets and credits, including treasures of various state agencies.
2. Business finance comprising finance of production and business enterprises and commercial banks including credit and insurance firms.
3. Finance of the people.

So far, it is obvious that the abovesaid financial system is based mainly on the state budget. The state budget is the center; it plays the most vital role in the national financial system because it accumulates and distributes national income among economic sectors nationwide and then regulates the expansion of the socioeconomic foundation along the direction stipulated by the party and state.

The state revenue and expenditure policy is a financial tool to enable the state to carry out socioeconomic development, defend the country, maintain public security, and improve the people's livelihood. The state budget is derived from the revenue of grass-roots business units in all economic sectors and is used to serve the production and socioeconomic expansion. This is the relation between the two segments of the national economy. Therefore, a balanced budget is the top priority of the budgetary management undertaking. In other words, we must keep the budget revenue and expenditure well balanced. In reality, we have always faced a budgetary deficit. We can use the revenue of the state budget as an example.

Since the national economic growth and the efficiency of labor productivity and business production in the past years were low, and the proportion of goods in the gross social production in the country was very small while the mobilization of national revenues for the state revenue was inadequate, the rate of national revenues mobilized for the state budget was therefore less than 13 percent of the national domestic revenue. This is a very low figure compared with other countries. An appropriate figure

should be at least 20 percent. For example, the percentage of domestic revenues of the state budget in Vietnam is 23 to 25 percent. Moderate figures range from 30 to 40 percent. In some countries on the Scandinavian peninsula, the figure is up to 50 or 60 percent.

As for the structure of the revenue for the state budget in the past years, the average domestic revenue covered 44 percent of the total budget revenue. In some years, the figure dropped to only 14 to 18 percent. The highest figure has never reached 65 percent. To cope with the increasing budget expenditure, the government must seek assistance and loans from foreign countries in different forms. This source of revenue covers about 51 percent of the total budget revenue, and even up to 70 to 80 percent in some years, but never lower than 30 to 40 percent. In some years, we had to print more money, from 0.8 to 9.2 percent of the total annual revenue, because the money from the two sources was insufficient. On average, the amount of money printed for this purpose is five percent of the total annual revenue. Since our domestic revenue constitutes a small portion of the budget revenue, we have to depend on foreign assistance and borrowing. Due to our poor performance in budgetary management, our state budget is insecure and weak.

I. Domestic revenues for the state budget.

So far, the general structure of domestic revenues for the state budget can be broken down as follows: 72 percent from the state economic sector, three percent from the collective economic sector, 14 percent from the private economic sector, and 10 percent from the technical sector [figures as heard]. These figures reflect the presence of the old concepts and the existence of the state-subsidizing management mechanism, because the state economic sector is the major source of domestic revenue while the private sector's contribution is minimal. This must be attributed to the implementation of the nationalization policy following the complete liberation of our country. Consequently, most of the factories and enterprises, large and small, have been nationalized, while the bureaucratically centralized and state financing mechanisms demand a larger portion of revenues of state enterprises but, at the same time, provide them with financial assistance, including revolving investment funds. State enterprises have no right to operate independently in terms of financial management and business production.

In the past years, we have overlooked the important role of taxation work. Due to many loopholes in our tax policy and ineffective implementation of the policy, tax money obtained from the private and collective sectors constitutes the smallest portion of the budget revenue.

Installment Two

BK2707115590 Vientiane Domestic Service in Lao 0030 GMT 26 Jul 90

[Second installment of part one of "report on financial work during the past 15 years and new direction and primary functions of financial work," presented by Sali Vongkhamsao, vice chairman of the Council of Ministers and minister of economy, planning, and finance, at first nationwide financial conference held in Vientiane on 21 June—read by announcer]

[Text] So far, domestic revenue from tax collection for the state budget has increased by an average of 32 percent per year. In particular, following the promulgation of resolution no. 47 on the new tax policy, the tax collection base has expanded enormously. For example, during the first five months of 1990, revenue from tax collection by the center amounted to 4.5 billion kip and $10.2 million [currency not specified] or 11.7 billion kip, representing an eightfold increase over the amount collected for the same period in 1989. However, we have not yet been able to mobilize and exploit our country's tremendous economic potential and turn them into the revenue sources for the state budget due to leakages and loopholes in the collection system.

Based on our calculation of cultivated acreage and population of domestic animals, we should be able to collect approximately 2 billion kip of agriculture taxes each year. This amount does not include the taxes levied on specific industrial crops, fruit trees, and other subsidiary plants. However, so far we have never collected more than 1 billion kip a year, or half the calculated amount. In other words, 60 to 70 percent of agriculture taxes are not collected. Here is another example. Rice production in 1989 was higher than the previous year. Collection of agriculture taxes in Luang Prabang Province should bring as much as 100 million kip while the target was set at 50 million kip only. The actual amount collected was only 42 million kip because of the dubious and protracted indebtedness of the agricultural sector, with the provincial administration not having suggested solutions yet. In 1990, the debt increased from 690 tons of paddy to 892 tons, or 40 percent of the amount that has to be collected as agriculture taxes for the whole year.

On the collection of import and export duties, we do not have statistics to prove our inefficiency in this regard. However, we believe that substantial amounts have not been collected. Generally speaking, we are not able to collect import duties on goods brought into the country by the people living in provinces along the Thai border. There are more than 10 illegal checkpoints along the border while armies of smugglers are active everywhere. Many companies in the Vientiane municipality have been smuggling contraband goods into the country or falsely declaring prices, quantities, and types of goods that they bring in so as to avoid paying full import duties.

Business and income taxes have not been completely collected. Many localities can collect these taxes from only 40 to 50 percent of the actual number of registered enterprises and tax payers. Seventy-two out of 141 companies at the center have failed to fulfill their tax obligation to the state during the first five months of this year. Four big enterprises namely (Out-ngong) Zinc

Sheet Factory, Sakon Department Store, Lao-Swedish Friendship Factory, and Lao Fuel Oil Company, did not pay 3.3 billion kip in taxes within the first five months of the year as they were supposed to. Fifty-two of the 69 enterprises that contributed to the state budget were unable to fulfill their targets.

However, 17 enterprises such as Gypsum Company, Lao Beer and Soft Drink Company, Postal Company, Housing Construction Company No. 1, Sedone Bridge Construction Company, Transport Company, and Road No. 10 Construction Company, paid more taxes than were required. During the five-month period, enterprises could only fulfill 3.3 percent of their annual tax payment obligations. From where can the state earn enough revenue to pay salaries and other expenditures? Those who have failed to pay taxes have not been criticized or reprimanded, while those who have paid all their taxes have not been commended. These are the realities of our present financial mechanism and disciplines. Many other taxes such as property land tax, mineral resources tax, income tax, agriculture tax, and taxes levied on domestic animals and industrial plants, fruit trees, and subsidiary crops have not been introduced to the people. As a result, many localities are unable to collect these taxes.

II. Revenue from foreign aid and loans.

The correct foreign policy of our party, the regular improvement of mechanisms for management of foreign relations in line with new concepts, and the party's reasonable open-door policy have won our country constant cooperation from fraternal socialist nations, international organizations, and other countries in the world. During the past 15 years, our government has managed to conclude agreements with foreign countries for loans worth approximately 2,347 million U.S. dollars. For 14 years from 1976 to 1989, we spent 1,528 million dollars or approximately 1,069 billion kip from foreign loans. Revenue from foreign sources consisted of gratis aid at 47.4 percent and foreign loans at 52.6 percent. Fifty-five percent of foreign aid and loans came from fraternal socialist countries, mainly the Soviet Union and Vietnam, while the contribution from capitalist countries was 17.8 percent, international organizations 12.2 percent, and other international financial institutes 15 percent.

The annual increase of national revenue can be attributed to money brought in from foreign countries. This covers 85 to 90 percent of the total reserves. Investment in infrastructure construction is as much as 65 to 70 percent of the state budget and constitutes over 60 percent of the budget revenue. This is a large and important financial source for socioeconomic development and national defense.

We express our sincere thanks to the friendly and fraternal countries and the international organizations for their valuable assistance and cooperation. So far, the procurement, management, and utilization of revenue from foreign countries have not been carried out effectively. The money has been extravagantly spent. This is because we lack clear and unified rules to control the management and utilization of such revenue in line with business mechanisms and responsibility. Hence, investments in many cases were wrongly directed and unreasonable, and they contradicted the realities of the country. At the same time, no one was responsible for the effectiveness of the investments, the returns on capital, and interest payments on loans. Worse still, we have not been able to periodically follow and inspect the use of foreign funds allocated to localities and sectors.

Philippines

Rebel Officer Says Mizuno, Swanson To Be Freed

OW0108061790 Tokyo KYODO in English 0544 GMT 1 Aug 90

[Text] Bacolod, Philippines, Aug. 1 KYODO—Communist guerrillas decided to free Japanese aid worker Fumio Mizuno after a rebel jury declared him innocent of charges of spying on guerrillas operating in Negros Island, a rebel officer said Thursday. Ka (Comrade) Jacky told KYODO NEWS SERVICE that Mizuno, 36, was taken captive because of allegations made to the provincial revolutionary government that he was an "infiltrator and informer for the military."

"After taking up his case, no prima facie evidence was found against him. That's the reason why we will release him," said Jacky, spokesman of the rebel unit deployed in Murcia town, 15 kilometers west of here. Jacky confirmed during the hour-long interview that the rebels will free Mizuno and U.S. Peace Corps volunteer Timothy Swanson, 26, separately on Thursday.

Mizuno was abducted by four rebels on May 29 while visiting a silkworm project funded by the Japanese private aid group Organization for Industrial, Spiritual and Cultural Advancement (OISCA), for which Mizuno worked. Swanson was taken from his home in Patag village on June 13. His abduction took place shortly before Washington ordered the temporary pullout of all Peace Corps volunteers from the country because of rebel threats. Jacky said a local unit "took the initiative" in abducting Mizuno and warned of further attacks on Japanese aid workers identified as participating in the military's counter-insurgency drive.

"There are a lot of projects helping the counter-insurgency program, like OISCA which has many projects. Their main aim is to haul raw materials and agricultural projects for Japan," the rebel leader said. Jacky, however, said the rebels were not demanding OISCA's pullout from the Negros Island, saying that such a move would affect "innocent aid workers."

"They have helped a little ...What the NPA wants is a more general upliftment of the people's condition," he said. Jacky also denied the military's assertion that the

Mizuno kidnapping was a sign of rebel desperation in the face of battlefield losses and a lessening of popular support.

"The abduction of Mr. Mizuno is based on accusations against him. What we have done is not a desperate act but a way to correct a wrong," he said. The rebel officer also denied allegations that the guerrillas intended to raise funds by kidnapping the Japanese aid worker.

"In the revolution, there is no such practice as kidnapping for ransom ...(We) condemn kidnapping with ransom," Jacky said.

Mizuno Tells of Ordeal

OW0108082090 Tokyo KYODO in English 0734 GMT 1 Aug 90

[Text] Bacolod, Philippines, Aug. 1 KYODO—Japanese aid worker Fumio Mizuno, who has been held by communist guerrillas in the central Philippines for nine weeks, said he was "utterly exhausted" but otherwise healthy during an interview with KYODO NEWS SERVICE and other reporters on the eve of his expected release Thursday.

Mizuno met with the reporters at a farm house in a mountainous area near Bacolod on Negros Island early Wednesday. A spokesman for and nine armed guerrillas of the New People's Army (NPA) also attended the 90-minute meeting.

"I have no problem with my health but utterly exhausted," said Mizuno in t-shirt, gray pants and red rubber sandals. Mizuno, 36, was abducted by four NPA rebels last May 29 outside Murcia while visiting a silkworm farm funded by the private Japanese aid group Organization for Industrial, Spiritual, and Cultural Advancement (OISCA). Under terms of an agreement reached between the guerrillas and the Philippine Government, Mizuno and American Peace Corps volunteer Timothy Swanson are to be freed on Thursday.

Speaking mostly in English, Mizuno told of the hardship he's had to endure, forced to get up at 3 A.M. and trek through the mountains for about 12 hours every day to change hideouts. Wounds in his hands and legs had festered, and his ankles had swollen. He said some 10 guerrilla members always guarded him and they moved to 19 places over the two months. Mizuno also said he knew the NPA had planned to abduct him since 1988.

The NPA spokesman confirmed the NPA will release Mizuno at a farm in Murcia, 15 kilometers east of Bacolod, at 10 A.M. on Thursday. He also said Swanson, the Peace Corps volunteer, will be released separately the same day at Patag village nearby.

Two Constables Killed in Davao del Norte Clash

HK3107104190 Manila Radio Veritas in Tagalog 0900 GMT 31 Jul 90

[Report by Jing Fernandez of DXGN-FM Davao—live or recorded, in English]

[Excerpts] Two PC [Philippine Constabulary] constables assigned to the Yellow Mountain detachment at Mount Diwata, Moncayo, Davao del Norte were killed by suspected communist rebels last Saturday [28 July] afternoon. The Moncayo police said the victims are C2C [Constable Second Class] Panguilialo Ramos and C2C Edgardo Erejo and they were on their way to the detachment from a gold mining area when they were gunned down by the suspected rebels. [passage omitted] Their M-16 rifles were taken by their assailants.

Meanwhile, a confidential report from the provincial commander of Davao Oriental said that a landowner and his two assistants were massacred by two cafgu [citizens armed forces geographical unit] members at dawn of July 25 in Barangay Silangay, Lupon, Davao Oriental. The victims were identified as landowner Rogelio Tomasisi and assistants Pedro Andrelin and Deo Pardora.

Investigations said the suspects were Antonio Lunon and Pedro Perez, both assigned to the Philippine Army cafgu detachment based at Barangay Tolon, Lupon, Davao Oriental under the supervision of Charlie Company of the Philippine Army. [passage omitted]

Zumel Elected National Democratic Front Chairman

HK3107101390 Manila Radio Veritas in Tagalog 0900 GMT 31 Jul 90

[Text] Antonio Zumel was elected chairman of the National Democratic Front or NDF at its first national congress held this year. This was stated in a news release issued by the CPP-NPA-NDF [Communist Party of the Philippines-New People's Army] to various news agencies.

Zumel reportedly is in charge of 14 organizational groups under the NDF. He was elected in a congress held in Northern Luzon last 13-21 July. Former Catholic priest Frank Fernandez was elected NDF secretary-general.

Several military personnel and officials reportedly sent letters of support.

The NDF also praised Satur Ocampo and Carolina Malay for their efforts in furthering the growth of their movement. It was not stated whether Zumel was present during the elections. There were reports that he had gone to Europe for medical treatment.

Lieutenants Acquitted of Aug 1987 Coup Charges

HK0108093090 Manila PHILIPPINE DAILY INQUIRER in English 1 Aug 90 pp 1, 11

[By Fe B. Zamora]

[Text] The military courts have acquitted three lieutenants charged with mutiny and multiple murder in connection with the August 1987 coup attempt.

Col. [Colonel] Aniano Desierto of the Judge Advocate General Office (Jago) in Camp Aguinaldo identified the three officers as 2Lt [Second Lieutenant] Amando Escoto, 2Lt Lazaro Alcoba and 2Lt Silver Insangan, all of the 7th Infantry in Fort Magsaysay, Laur, Nueva Ecija.

The officers' acquital came after nearly three years of detention. They were charged with violating Articles of War (AW) 67 on mutiny, AW 94 on murder and AW 96 on conduct unbecoming of an officer and gentleman. The AFP [Armed Forces of the Philippines] had accused the three officers of joining coup leader Gregorio Honasan in the takeover of Camp Aguinaldo at the height of the failed 1987 putsch. Honasan occupied the General Headquarters with troops from Fort Magsaysay where he was then an instructor.

The officers' lawyer, Col. Rodolfo Rabja, however, said there was no sufficient evidence linking the three to Honasan's 1987 coup bid which left about 60 dead and hundreds injured, among them President Aquino's only son Benigno "Noynoy" Aquino. Many of the troops Honasan brought along later said they were told it was a "test mission". Desierto said the acquitted officers will be sent back to their units as soon as their papers are ready.

Nearly 100 officers and men led by Honasan are still on trial for the failed August 28, 1987 coup, the fifth such attempt by soldiers identified with the Reform the Armed Forces Movement. Mutinous soldiers staged their sixth and bloodiest coup attempt last December, prompting the government and concerned businessmen to raise a P [peso] 5-million reward for the capture of coup leader Honasan, who has remained at large since his escape from a prison ship in March 1988.

Further on Fund-Raising for Earthquake Relief

P2.18 Billion Pledged in Bonds

HK0108051590 Manila THE MANILA CHRONICLE in English 1 Aug 90 pp 1, 5

[By staffmembers Arleen Chipongian and Lito Zulueta]

[Text] Bankers, businessmen, Cabinet members and schoolchildren yesterday pledged to subscribe to P [peso] 2.18 billion out of P3 billion worth of special bonds the government planned to float to finance reconstruction of earthquake ravaged areas.

The highest subscription pledge was made by government financing institutions (GFIs), which subscribed P1 billion. Press Secretary Tomas Gomez III was the first Cabinet member to subscribe, buying peso denominated bonds totalling P11,000 and dollar bonds worth $10,000. Defense Secretary Fidel Ramos, together with "friends," pledged P2 million; Senator Leticia Shahani, P30,000 Sen. Neptali Gonzales, P10,000 and Representative Antonio Cuenco, P1,000. The Grade 1, Section 4 class of Padre Gomez Elementary School in Manila presented to the President a piggy bank that represented the students' savings for Christmas.

"We were saving this for Christmas but we will just give you this," said seven-year old Eileen May de los Angeles. The faculty club of the school donated P2,000. Government officials, pleased by the response, said that they were planning to launch another series of reconstruction bonds.

Finance Undersecretary Victor Macalincag said the initial flotation of P500 million worth of bonds yesterday was "oversubscribed." But bankers called the market response lukewarm, and blamed the bonds' low interest rates. Two types of bonds sell for P500, P1,000 and P10,000; another is dollar denominated for purchase by overseas Filipinos. The bonds earn between 8% to 14% annual interest and are tax-exempt. The issuance of the bonds is part of a government effort to raise P10 billion to finance earthquake reconstruction.

President Aquino, nothing that the foremost question in people's minds was where to get the funds, said: "The answer one often hears is—from our creditors. My answer as your President is, let us keep our self-respect as a people...we must first exhaust all possibilities for drawing out of our own resources." Central Bank Governor Jose Cuisia Jr. said the government would not accept the proposal of banks that the yields be increased to 16%.

But, he said, as a compromise the maturity of the bonds had been shortened from five years to three. The Bankers Association of the Philippines [BAP], which has 29 commercial banks as members, pledged to buy P300 million of the initial series of P500 million. But it made no commitment to subscribe to the next floatations. Last Friday, the BAP held an emergency meeting, after which it asked the government to increase the bonds' rates to give a minimal margin of profit. The government maintains that the bonds should not be seen as profitable instruments but as a means of assistance in the reconstruction effort.

President Aquino said: "As Filipinos, we cannot simply go by market rates or return, when the cause is for country and people. Patriotism calls for us to help one another and alleviate the pain and anguish in our land." Of the P1 billion worth of pledges made by the GFIs yesterday, the Philippine National Bank accounted for P300 million; Social Security System, P250 million; Land Bank of the Philippines, Development Bank of the Philippines and the Government Service Insurance System, P150 million each. The Pag-Ibig fund also made

one of the single biggest subscriptions at P250 million. Cuisia said the government would consider a proposal that the bonds be made a part of the loan portfolio for regional lending.

Columnist Views Bonds Launch

HK0108031990 Manila THE MANILA CHRONICLE in English 1 Aug 90 pp 1, 5

["Analysis" column by Amando Doronila: "Investing in the Country's Future"]

[Text] Yesterday, President Aquino launched a series of bond issues to raise funds for reconstruction following the devastation of last month's earthquake. Businessmen, diplomats, bureaucrats and school children filled Malacanang's Heroes Hall to take part in a "pledging session" which kicked off three kinds of bond—the reconstruction bonds, the Tulong sa Bayan [Help to the Nation] bonds and the dollar-denominated bonds.

Under the previous administration, Heroes Hall had seen pledging sessions where businessmen were herded and their arms twisted for huge sums to finance white elephant and show case projects. But yesterday saw a different sort of pledging, one without any arm-twisting. The administration went back to the people and the business community, trying to mobilize their savings and resources behind the patriotic theme of putting their money in the country's future.

There was none of those "donate or else" modi operandi of the past. What President Aquino did was to ask the citizens and those doing business in this country to put their money where their mouths are. In a very crisp presentation, the secretary of finance, Jesus Estanislao, summarized the function of the bonds: "Bonds give yields. But there is more to these bonds than just yields. They are convenient, meaningful instruments through which our desire for helping our country can be operationalized.

"Country's in times of national distress cannot be a mere word. There must be a special zing to it. It must be alive...with the fervor with which we sing our anthem and with the fullness of commitment in reciting our pledge of allegiance." The concept behind yesterday's bond float is similar to that for war bonds. Cynics may ask why citizens should sink money in war bonds to raise funds for armaments' production when one is not sure of commercial returns, given the uncertainty and destruction of war. Similarly, it may be asked why citizens and business groups should put their savings and their money on a devastated economy. In both cases, the war bonds and reconstruction bonds are the citizens' investment in the future of the country.

True, the bonds bear interests, are redeemable and can be used for tax concessions, but the more important consideration is patriotism—the citizens are being asked to take part in rebuilding their country; and it is within their means and power to move the nation towards development. The beneficiary will not be the Aquino Government, whose term ends in 1992. The beneficiaries will be the children of this nation whose future lies beyond the vagaries of today's political conflicts. There is nothing partisan or narrow about the effects of reconstruction.

The context in which the bond float was made is best stated by Mrs. Aquino: "The question foremost in our minds is: Where do we get the additional resources required by rehabilitation and reconstruction? The answer one often hears is: From our creditors. My answer as your President is: Let us keep our self-respect as a people. And let us first draw from our own inner strength and resources. We must show to ourselves and to others that we are first and foremost willing to put in the self-sacrifice and self-discipline to be able to help ourselves. We must first exhaust all possibilities for drawing out of our own resources to be able to meet as many of our rehabilitation and reconstruction needs as possible."

Self-respect, self-reliance and dignity are notions that give meaning to the attainment of relative national sovereignty and independence. They are antagonistic to the aid syndrome. If we can demonstrate that we are able to draw on our resources to help ourselves, then the task of negotiating arrangements for debt relief—or suspension or moratorium—can be made much easier. Foreign taxpayers and creditors are not comfortable playing suckers by extending aid to people who are not even prepared to make some sacrifices.

Taiwan Thanked for Donation

HK0108054590 Quezon City Radyo ng Bayan in Tagalog 0500 GMT 1 Aug 90

[Text] President Aquino has thanked Taiwan for its donation to the earthquake victims. In a letter to Vice Foreign Minister Charles King, Joaquin Roces, director of the Philippine Economic and Consular Office in Taipei [as heard], said that President Aquino thanks the Taiwanese Government. Taiwan donated $200,000 on 18 July as assistance to victims of the strong earthquake which hit the country on 16 July.

Government To Regulate Entry of Offshore Funds

HK3107040590 Manila BUSINESS WORLD in English 31 Jul 90 pp 1, 6

[By Ma. Gertrudes M. Chavez]

[Text] The Philippine Government has adopted a cautious stance on offshore country bonds, evaluating these on a case-to-case basis before allowing them entry.

BUSINESS WORLD learned that in the future Government will allow only those funds which are committed to stay in the Philippine market for a sufficiently long period, say three to five years. In addition, these offshore funds will be asked to reinvest their profits instead of remitting them outward.

These points surfaced in recent high-level discussions between the Asian Development Bank [ADB] and top government officials in connection with the $200-million financial sector program loan for the Philippines.

Government agencies involved in the talks are the Central Bank, Department of Finance, Department of Budget and Management, Board of Investments, Department of Trade and Industry, National Economic and Development Authority, Securities and Exchange Commission [SEC] Bureau of Internal Revenue, Asset Privatization Trust, Social Security System, Government Service Insurance System, Insurance Commission, and the Credit Information Bureau, Inc.

SEC associate commissioner Rodolfo Samarista told BUSINESS WORLD the ADB has asked Government to draft guidelines on country funds as it seems there is no law governing them. The ADB said Government should be ready with the guidelines upon the release of the first tranche of the $200-million financial sector loan. At this point, he stressed that the Philippines cannot grab any country fund. "It's a misconception. Just because there are many country funds launched for the Philippines doesn't mean they are outright investments for the country. Most of these funds are not coming in and are invested elsewhere" he said. Right now, there are at least six offshore funds for the Philippines with about $300 to $400 million portfolio of investments. But out of this total, some $150 to $220 million are uninvested.

These funds are Jardine Fleming Philippine Trust, Thornton Philippine Redevelopment Fund, Indosuez Manila Fund, Nomura First Philippine Fund, Jardine Fleming Philippine Fund, sand the First Philippine Investment Trust. Most of their investments, Mr Samarista noted, are in money market placements and government securities. For instance, the First Philippine Fund listed in the New York Stock Exchange has invested only about $25 million of the $107 million allotted for the Philippines as of June 30 this year. This is short of the targetted $32 million expected for the first half of the year.

A substantial portion of the Fund's investments is in dollar-denominated cash instruments such as repurchase agreements of Citibank N. A. and Morgan Stanley & Co., time deposits in Sanwa Bank, and discount notes of the U.S. Federal Home Loan Mortgage and Farm Credit Bank. Fund managers are quick to cite the overall lack of political and economic stability in the country. But it must be noted that, based on statistics released by New York-based Clemente Capital Fund, Inc., the Philippine stock market exhibited the most modest drop in share prices vis-a-vis other stock markets.

As of the first quarter this year, stock prices fell 1.9% in the Philippines; 3.8% in the U.S.; 24.2% in Japan; 8.6% in Canada; 5.3% in the United Kingdom; 9.8% in South Korea; 5% in France; and 11.2% in Australia. On the other hand, bank analysts maintained that the drop in country fund investments may have been triggered by a slowdown in American stock trading and that the current lethargy is characteristic of a pervasive sell-off in the global equity markets. As contrasted to country funds' immense popularity in the last three years, these funds appear not to be in vogue anymore.

At any rate, the main concern of Government right now, Mr. Samarista said, is seeing to it that the profits of these funds are ploughed back into the Philippine economy. Otherwise, Mr. Samarista noted, these funds will not aid the market at all. In the final analysis, the SEC official disclosed that Government's move to regulate the entry of country funds will not benefit only the fund itself but also the fund managers. The market, he pointed out, is not for short-termers but for long-range investors.

So if the offshore fund wants fast profits on its investments, then the Philippine stock market is not for them. "By such a move, we want to get rid of an image where the Philippines is perceived as a haven for speculators," the SEC official added. On the other hand, now that these funds will be regulated, country fund managers would not feel obliged to invest all their funds within a definite period despite prevailing poor market conditions.

Ruling Poses 'Grave Threats' to 'Liberties'

HK3107035590 Manila BUSINESS WORLD in English 31 Jul 90 p 12

[Text] Citing possible grave threats to civil liberties, labor organizations yesterday assailed a recent Supreme Court ruling upholding the power of military and police forces to arrest persons accused of rebellion and subversion even without the benefit of arrest warrants.

The Trade Union Congress of the Philippines (TUCP) and the Kilusang Mayo Uno [1 May Movement] (KMU) were unanimous in condemning the ruling, which they said would "open the floodgates of human rights abuses against trade unionist." If abuses occur, labor unrest will only be fueled, the TUCP and the KMU said. TUCP president Democrito Mendoza said "this blanket authority...is particularly frightening to organized labor because experience shows that trade union activists are the first victims of military and police abuses in invoking these two doctrines (subversion and rebellion.)"

KMU chairman Crispin Beltran characteristically upped the condemnation by calling the ruling "a most profound action by an agency of the Aquino regime to support and uphold the policy of militarist abuse and terrorism characteristic of the Marcos government." Specifically, TUCP's Mr Mendoza said the ruling can be used to crack down on leaders of organized labor during mass actions such as nation-wide strikes or "welgang bayan."

"It can also be exploited by employers to call in the military or the police to bust unions or disperse strikes and pickets," he added. The TUCP called for a dialogue among the Labor, Justice and Defense departments, labor groups and employers' organizations to strengthen

existing guidelines to prevent violations of trade union and human rights that may arise from the High Court's ruling.

Meanwhile, Mr Beltran demanded the recall of the ruling since it "magnetizes [as published] abuse and might thus be used to crack down on militant labor." He also noted that other legislations and rulings (which were not specified) were also used indiscriminately in suppressing "those who would not conform to the interests of the government." The KMU, he added, is expressing its support for civil rights groups like the Philippine Alliance of Human Rights Advocates (PAHRA) and the Task Force Detainees (TFD) which sounded off the wave of Criticism against the ruling.

Leung Confirmed as Agrarian Reform Secretary

HK0108045390 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 1 Aug 90

[Text] The Commission on Appointments has confirmed the nomination of Benjamin Leung as Department of Agrarian Reform [DAR] secretary. According to a report from the Senate by Jojo Ismael of the Philippine Broadcasting Service, the commission members voted unanimously for Leung. Leung was acting DAR under secretary from 1987, and became acting secretary until his confirmation today. In his statement, Secretary Leung said he will attend to all programs concerning the Comprehensive Agrarian Reform Program.

Thailand

Doubts Expressed Over U.S. Policy on Cambodia

BK3007153390 Bangkok KHAO PHISET in Thai 23-29 Jul 90 p 5

[Article entitled "What the U.S. Policy Change Can Do to the Peace Settlement in Cambodia?"]

[Text] The day everyone has been waiting for has arrived. The United States announced that it will withdraw recognition of the Coalition Government of Democratic Kampuchea headed by Prince Norodom Sihanouk at the United Nations General Assembly late this year. U.S. Secretary of State James Baker made the announcement in Paris last Wednesday.

Baker told reporters after a two-hour meeting with Soviet Foreign Minister Eduard Shevardnadze that the time has come for the administration of President George Bush to change its policy on Cambodia. In addition, the United States will start direct talks with the government of Vietnam with a view toward settling the Cambodian conflict and will provide humanitarian assistance to the government in Phnom Penh.

This is an about-face in the U.S. policy on Cambodia, and it is expected that the European Community will follow the lead. The change will certainly affect the policy on Cambodia adopted by Thailand and ASEAN. The question is, what will the U.S. policy change do to solve the conflict in Cambodia?

The Bush administration has been under domestic pressure for some time over its policy on Cambodia. The U.S. Congress was afraid that the support given to the resistance coalition would enable the Khmer Rouge to return to power in Phnom Penh once again. Does this shift in policy mean that the United States will stop giving support to the government of Prince Sihanouk and shift its support to the Hun Sen government in Phnom Penh, installed by Vietnam 12 years ago? So far, the United States has said nothing about this.

This is something strange but true—the United States and Vietnam are "long-time enemies," but they have one thing in common. That is, they both abhor and fear the Khmer Rouge. The United States lost in a war with the Khmer Rouge one time. Vietnam has just been defeated in a war with the Khmer Rouge. The United States said that the Khmer Rouge must take responsibility for the two million Cambodians who died of starvation and hard labor during the years from 1975 to 1978. Vietnam meanwhile claimed that the Khmer Rouge killed as many as 3 million of its people during those years. The U.S. Government never told the world how many Cambodians were killed in air raids by U.S. B-52 bombers during the long years of war which took place as the result of U.S. support for the U.S.-puppet Lon Nol government against the Khmer Rouge threat. It was a failed mission. Vietnam has never mentioned, and the United States never asked the government in Hanoi, how many Cambodian people were killed during the long years of its occupation of Cambodia from 1979 to 1989. The Khmer Rouge is thus the common foe of both Washington and Hanoi.

The U.S. policy shift means that Washington has once again declared war on the Khmer Rouge. The difference is that this time it is a diplomatic war. Like Vietnam, the United States may think that, together with the Western Bloc and the Soviet Union under President Mikhail Gorbachev, they will be able to make China stop its support to the Khmer Rouge, a move which would isolate the Khmer Rouge from all forums on a settlement of the Cambodian problem. This kind of wishful thinking must be tested.

The United States hopes to persuade Vietnam to accept a comprehensive settlement of the Cambodian problem, as stated by Baker. This seems unlikely to happen. It is what disappointed China a month ago.

We think that the U.S. shift in its policy on Cambodia is rather a tactic aimed at U.S. interests more than anything else. Washington still has the problem of American POW's and MIA's in the Indochina war it lost 17 years ago. The administration of President Bush has come under strong pressure from the American private business sector wishing to cash in from trade with Indochina. They stand to lose if the U.S. Administration continues its tough position regarding Vietnam.

The shift in the U.S. policy, therefore, does not benefit the process of achieving peace in Cambodia. This diplomatic shift will not stop the military advancement of the resistance, especially the Khmer Rouge guerrillas.

Washington raved for a comprehensive settlement of the Cambodian problem through a general election under UN supervision. Yet, they are afraid of a possible return of the Khmer Rouge to power. They were indifferent to the Khmer Rouge proposal to disarm all factions, a step aimed at making it possible for the United Nations to arrange for a transitional administration of the country. That is strange.

As a superpower and also as a member of the "the big five," any decision by the United States will certainly have a direct impact on the international situation. Anyway, we cannot help having doubts about the wisdom of the United States over its latest decision.

Fair Power Sharing Said Key to Cambodian Peace

BK2507140790 Bangkok Voice of Free Asia in Thai 1030 GMT 25 Jul 90

[Commentary entitled "The U.S. Position and Justice in the Solution of the Cambodian Problem"]

[Text] In mid-July, the five permanent members of the UN Security Council met in Paris on the Cambodian problem. After the meeting, U.S. Secretary of State James Baker gave a news conference in which he said the United States has withdrawn its recognition of the Coalition Government of Democratic Kampuchea [CGDK] and would begin negotiating with Vietnam to prevent the Khmer Rouge from returning to power. He added, however, that the United States will continue to provide aid to the Prince Sihanouk and Son Sann factions.

White House Spokesman Marlin Fitzwater explained that the U.S. policy shift demonstrated a greater flexibility aimed at achieving a more realistic peace in Cambodia. Other senior U.S. Administration officials said the major U.S. objective was to effectively end the fighting in Cambodia and to bring about a newly elected government to administer that country.

The U. S. position has drawn extensive reactions from many countries, particularly ASEAN. ASEAN has reaffirmed their support to the CGDK under Prince Norodom Sihanouk and a comprehensive settlement of the Cambodian problem. They are also supporting the call for the early establishment of the supreme national council [SNC] before the 45th UN General Assembly in September. ASEAN has maintained its line for 11 years since Vietnam's aggression and occupation of Cambodia in January 1979. Moreover, it feels that the Cambodian seat in the United Nations should be kept by the CGDK.

When Vietnam invaded Cambodia in January 1979 to topple the UN recognized DK [Democratic Kampuchea] and install the Phnom Penh regime, ASEAN and other peace-loving countries called on Vietnam to withdraw all its troops from Cambodia. This was because Vietnam's action was a clear violation of international law and the UN charter and a serious threat to peace and international security. They have also called for the Cambodian people's right to self-determination to freely choose their own leaders and administration.

The number of countries supporting the ASEAN draft UN resolution has increased each year because many countries realize ASEAN's solution of the Cambodian problem to be reasonable, in particular, ASEAN's call for a comprehensive settlement of the Cambodian problem seen as a way of restoring genuine peace in Cambodia, and its rejection of the legitimacy of the Phnom Penh regime, illegally installed though Vietnamese aggression and occupation. At the same time, ASEAN recognizes the CGDK as the sole legitimate government of the Cambodian people.

At the ASEAN foreign ministers meeting in Jakarta from 24-25 July, ASEAN reaffirmed its support to the CGDK and opposed its vacating the Cambodian seat. ASEAN has stated that any attempt to change the Cambodian representation at this time will be detrimental to Cambodian peace efforts. ASEAN feels the CGDK should continue to keep its UN seat until a SNC is established. The SNC will consist of all Cambodian political factions, with the council holding the UN seat.

Indonesian Foreign Minister Ali Alatas has said that discriminating against the Khmer Rouge will not only prevent solving the Cambodian problem, it will also make them more aggressive. If the Khmer Rouge are deprived of a political role, their only alternative is to return to the jungle to wage an armed struggle, thus worsening the fighting in Cambodia.

Listeners, the Cambodian problem has persisted because Vietnam and the Phnom Penh regime have refused to allow the Khmer Rouge to participate in solving the problem. This Vietnamese and Phnom Penh position does not correspond with the reality in Cambodia. The Khmer Rouge are also Cambodian citizens with the right of self-determination to freely choose their leaders and administration. All Cambodians are masters of their country and have the right to self-determination free from external interference. They also have the right to take part directly or indirectly in government through fair and free elections. Respecting the Cambodian people's desire for a fair distribution of power among the various Cambodian factions is a very important key to restoring peace in Cambodia, something every party must recognize.

Japan's Nakayama Arrives; Official on Cambodia

BK0108112490 Hong Kong AFP in English 1101 GMT 1 Aug 90

[By Erskine McCullough]

[Text] Bangkok, Aug 1 (AFP)—A senior Japanese official acknowledged here Wednesday that talks on Cambodia between Beijing and Tokyo had failed to produce results. The remarks by Foreign Ministry Spokesman Makoto Yamanaka came as Japanese Foreign Minister Taro Nakayama arrived here on a brief stopover en route to a meeting with Laotian Prime Minister Kaysone Phomvihan.

Mr. Yamanaka described the talks on Cambodia with China, backers of the Khmer Rouge, as not particularly encouraging. "There was nothing really positive that came out of the meeting," he said, "but we have good relations with China and we will continue our efforts."

The Marxist Khmer Rouge, who slaughtered hundreds of thousands of Cambodians during their bloody four-year reign of the country, were overthrown in January 1979 after Vietnam invaded Cambodia.

Since then, the Khmer Rouge have been heavily backed by China with both money and arms as they continue a guerrilla war within Cambodia in a coalition with two non-communist factions aided by the United States to overthrow Phnom Penh's Vietnam-installed government.

Mr. Yamanaka said Japan was becoming fed up with the lack of progress in finding a solution to the 11-year-old Cambodian war. "We are fed up with the Cambodia stalemate," Mr. Yamanaka said, adding that every country should play their part in trying to find a solution to the conflict.

He had said earlier that despite the apparent stalemate, Japan was still encouraged by recent diplomatic efforts to seek a solution. But he said Japan would make no decision on whether or not to back the U.S. decision to withdraw recognition of the Cambodian resistance's seat at the United Nations until the U.N. General Assembly meets later this year. "We have left the door open and will think again when the General Assembly meets," he said. "For the present, we support the Supreme National Council (SNC) holding the seat."

According to a joint communique signed in Tokyo in June by resistance leader Prince Norodom Sihanouk and Phnom Penh's Prime Minister Hun Sen, the SNC was to comprise the resistance as a whole and the Phnom Penh government. But the Khmer Rouge boycotted the Tokyo meeting, Japan's first high-profile attempt to initiate a solution ending the Cambodia war. The faction, which has been making steady military progress over the past few months in Cambodia, refused to sign the accord on the grounds that the role it was given within the SNC was inadequate.

Mr. Yamanaka also ruled out any possible economic aid to Vietnam until the Cambodian situation was settled. "We want real Cambodian self-determination, free from outside intervention," he explained. "Until Vietnam (ceases to become) a factor in Cambodia, there is no question of any economic links with them."

During his stay here, the foreign minister will meet General Chawalit Yongchaiyut, the former defence minister and deputy premier, but Mr. Yamanaka said this would be a private meeting with no formal agenda. "General Chawalit played a major role behind the scenes in Tokyo in June and he and the minister are friends," he said.

Mr. Nakayama is also to meet Thai Prime Minister Chatchai Chunhawan at his private residence where the two men will have futher discussion on Cambodia.

Article Views APEC's Increasing 'Credibility'

BK0108031190 Bangkok BANGKOK POST in English 1 Aug 90 p 6

[Article by Suphaphon Kanwirayothin: "Encouraging Signs as APEC Forum Gains Credibility"]

[Text] Singapore—The Asia-Pacific Economic Cooperation (APEC) picked up unexpected momentum that caught both observers and participants by surprise in showing what the two-day "loose and informal" exercise can do in shedding light on a pressing reality that beckons cooperation if prosperity is indeed a shared objective.

The ministerial talks among 12 Asia Pacific economies comprising ASEAN, Australia, Japan, Korea, Canada, New Zealand and the US has proven timely and relevant in addressing meaningful issues with far-reaching implications regionally and globally.

Most importantly, participants focussed on the Multilateral Trade Negotiations of the Uruguay Round where the APEC governments gave out a clear message as to where they stand, and what they want. They also examined the evolution towards political and economic integration in Europe.

In addition to events across the oceans, APEC members took a look at themselves. The real picture cannot always be pleasant. Yet somehow they confined divergences and frictions behind closed doors and then emerged united to advocate a free-trade environment as reflected in the Joint APEC ministerial declaration calling for urgent commitment to ensure a successful completion of the Uruguay Round in December. Regardless of nuances in individual perception, all survive and thrive under global trade liberalisation.

Months of laying the groundwork ever since Australia initiated the APEC idea in January last year, and the subsequent first ministerial gathering in Canberra last November, and with the reputed efficiency of the second host Singapore, the just concluded APEC round marked a solid step for members to carry on the momentum.

It also turned out satisfactorily for the world's economic powerhouse Japan, represented here by Foreign Minister Taro Nakayama and Minister for International Trade and Industry Kabun Muto. Japan commended the outcome of APEC as meeting its expectations where three

objectives have been satisfied, said spokesman Makoto Yamanaka for the Japanese Foreign Ministry. "We want to appeal to the outside how important the Asia-Pacific region is, and how significant APEC is. We were successful in this respect. Secondly, we want a strong message from APEC regarding the Uruguay Round. We believe that here, we have come up with a strong commitment from participants in ensuring a successful completion of the Round. Third, we want to push further the seven work programmes, and we feel great progress has been made," he said.

On the whole, the event has given the APEC forum credibility.

"As APEC becomes more credible and relevant, this meeting's message will be better heeded throughout the world. Reaffirmation of our strong commitment to free trade and open regionalism will leave no doubt among our trading partners as to where APEC is heading," said Korea's Foreign Minister Choe Ho-chung.

To reach a mutual understanding is never an easy task. Disagreements and friction naturally characterise relationships among countries with discrepancies in level of development and strength. The interchanges in APEC this time witnessed this.

Korea, which will host the APEC ministerial meet next year, pointed out to the problem of chronic trade imbalances between East Asia and North America which have created tremendous strain over trade and economic policies with region-wide implications. And as the US-Japan relations holds considerable meaning to the very existence and future of APEC, Korea's idea deserves earnest consideration in this light. It suggested that a more coordinated multilateral approach in the APEC context might be required as a way of correcting current account imbalances without weakening trans-Pacific economic ties.

In the global context, APEC governments told themselves that they should take measures to ensure openness of their markets and a healthy environment for investment and technology transfer.

On ASEAN's part, the APEC gathering provided it with a unique opportunity to voice its concern over the issue of multilateral trade negotiations in which its development and future are at stake. ASEAN could hardly find any other appropriate forum to promptly and effectively underscore the extent of crisis it is facing, at a time when it readily admitted that the voice of developing nations went unheeded at the Trade Negotiations Committee's meeting in Geneva last week.

Given repeated assurances from the strong entities of APEC which include Japan and Korea, that the APEC process would complement, and not pose any threat or rivalry to existing organisations like ASEAN whose ties they value, certain ASEAN states which continue to harbour reservations towards APEC must re-examine their thinking and react sensibly to the reality.

Where does APEC go from here?

Australian Foreign Minister Gareth Evans said if APEC is to develop as a major force in the regional and global economy, it will need to show flexibility and imagination.

Another point, as suggested by Canada's secretary of state for External Affairs Joe Clark, is that APEC was created and should grow—because it offers an opportunity which has not existed before—to manage the challenges created by the region's economic dynamism and to anticipate threats to regional prosperity before they become crises. Canada has played an active role in APEC, putting forth a number of proposals and suggestions. The APEC ministers will meet in Vancouver next month to assess the Uruguay Round. After all, Canada as a whole relies more on its economic relations with Japan and the Four Tigers than does any other member of the 24 nation OECD.

With the importance of liberalisation being the theme of this meet, APEC would find it hard to move in the direction of becoming a new trade bloc and members have avowed not to.

APEC has much to look forward to now that participants are equipped with a better perspective. The conclusion of the Uruguay Round, the European integration, and the progress of the seven work projects in development, trade and investment-related areas identified by the ministers would set the stage for another encouraging round in Seoul next year.

Former Army Chief Speaks on Joining Government

BK2707014390 Bangkok BANGKOK POST in English 27 Jul 90 p 3

[Text] General Athit Kamlang-ek yesterday indicated that Prime Minister Chatchai Chunhawan should approach him directly if he wanted the Puangchon Chaothai [PCCT] Party to join the Government.

The former army chief also said that whether or not his party joined the coalition government would depend on what it would be delegated to do. But if he were offered the post of defence minister it would be "work for which I have expertise since I have been doing it all my life", Gen Athit said.

Speaking to reporters at Parliament, Gen Athit said he had not yet been approached to join the Government and no "official" discussions had been held on the topic.

Asked about reports that Gen Chatchai had sent his secretary general Wanchai Chitchamnong to talk to him about this, Gen Athit replied: "No Gen Wanchai is a friend of mine and we meet each other regularly. You have to discuss things like this directly (and not through another person)."

Asked if he would join the government if asked, Gen Athit plied: "They haven't given us the formula yet. How

can we go and work out the mathematical solution?" The Government would have to approach Puangchon Chaothai first and tell the party what it wanted it to do in the coalition, he said. The party would have to see whether or not this would be of benefit to the country before deciding whether or not to join.

On criticism from his own MPs [members of parliament] that Puangchon Chaothai should not join the Government since it had censured the administration for corruption only a few days ago, Gen Athit said that the censure and the possibility of joining the coalition were two separate matters. "We censured the Government so that it would have to take action to remedy what is lacking," he said. "If they stay still it means that they haven't done anything about the problem. But if they make changes, whether on what is lacking or to individuals, then that would be a response to what we and the people have been calling for," Gen Athit said.

He dismissed the possibility that there would be objections to him from within the Army if he were to become defence minister. "How can they have any problems with me? I have worked closely with all of them before. I even fought in battles with some of them before, I went to Vietnam with some of them. There won't be any tension. Soldiers can always talk to each other," Gen Athit said.

Asked if he would have problems with Class 5 officers who are reported to have been estranged from him, Gen Athit said. "They were all my junior at the military academy. I was the one who appointed the Class 5 officers generals. Many of them have worked with me since they were young officers. Gen Suchinda (Khrapra-yun, the current army chief) was my departmental chief-of-staff.

He dismissed fears that he would attempt to clear out officers not loyal to him. "I never keep anything in my heart. I debated in favour of the amnesty bill for the April Fool coup attempt, even though I was the person who suppressed that coup," Gen Athit said.

Meanwhile, Chat Thai Party Secretary-General Banhan Sinlapa-acha said his party had not yet formally decided that the Cabinet should be reshuffled.

Mr Banhan, who is also interior minister, said suggestions of a Cabinet shakeup made by some senior party members were personal opinions that did not reflect the party's position.

In another development, Chat Thai MP for Chiang Rai Songtham Panyad disclosed that he had proposed the inclusion of Gen Athit's party in the coalition government, which currently consists of the Democrat, Social Action, Chat Thai, United Democratic and Muanchon party.

"With the inclusion of the PCCT which commands 17 seats in Parliament, the strength of the government in Parliament will be increased to 246 while that of the Opposition will be brought down to 111," he noted. "Besides, the (proposed) inclusion of the PCCT is a gesture of gratitude to the party which did not join the other opposition parties in a boycott during the censure debate, which made it possible for the session to continue," the Chiang Rai MP said. He said he would try to push for the PCCT's inclusion in the new Cabinet lineup "because it will benefit the Government."

Chairman of the Government's Coordinating Committee, Bun-ua Prasoetsuwan, said Prime Minister Chatchai was the only person who would have a say in a Cabinet reshuffle. Sharing Bun-ua's view was Sa-at Piyawan, leader of the so-called Justice faction in the Chat Thai Party. He said the final decision rested with the Prime Minister.

Central Bank Governor To Retire in Sep

BK2707082390 Bangkok BANGKOK POST in English 26 Jul 90 p 17

[Text] Finance Minister Pramuan Saphawasu said yesterday he would not extend the term of Bank of Thailand Governor Chawalit Thanachanan who is due to retire at the end of September this year. But he would not speculate on who the successor would be, saying it was too early to discuss that aspect of the matter.

Mr Pramuan said under the state enterprise law, most top executives of state enterprises could not have extended management periods when they were 60.

This is the first time that the finance minister spoke clearly about the central bank governorship after the issue was discussed widely among senior central bank officials and the banking community generally that Mr Chawalit would be likely to have his governorship extended by at least one year to continue his policy of monetary relaxation.

Mr Pramuan said the new central bank governor would have to be smart and keen on economics. He added he could not say anything about who the new governor would be because it was too early to talk about the issue.

For top finance ministry executive reshuffle plans, Mr Pramuan said he would join discussions with two deputy ministers by the end of this weekend.

Asked about report that the Customs Department chief Wirot Laohaphan would be transferred to new post, he said that Mr Wirot had asked him for a transfer to the new post before the schedule in September. "Mr Wirot reasoned that he would like to start a new job now because he has one year of working before retirement".

Mr Pramuan said he would like to reshuffle top ministry executives before September.

Australia

Prime Minister Hawke Departs for New Caledonia

BK2707100690 Hong Kong AFP in English 0728 GMT 27 Jul 90

[Text] Canberra, July 27 (AFP)—Bob Hawke left here Friday for Noumea on the first visit by an Australian prime minister to New Caledonia in almost half a century.

Australian Foreign Ministry officials described Mr. Hawke's visit as "a seal of approval" for the French Government's 10-year plan to bring New Caledonia to self-government. But the same officials said that France could not expect a unanimous round of applause at next week's meeting of 15 heads of government at the South Pacific Forum in Vanuatu.

Mr. Hawke was due to fly to Port Vila, the capital of Vanuatu, on Sunday after a two-day visit to New Caledonia, the first by an Australian prime minister since Robert Menzies went there in 1941.

Mr. Hawke was due to meet representatives of the indigenous Melanesian Kanak community, of the French settlers who oppose independence, and of the French Government.

Officials here said the visit was an Australian initiative that had been readily accepted by the socialist government of French Prime Minister Michel Rocard. Mr. Rocard was welcomed to Australia in August 1989, a year after his government and the hostile rival communities in New Caledonia signed the Matignon Accord under which a referendum on self-determination would be held in 1998.

Among those due to meet Mr. Hawke were Marie-Claude Tjibaou, whose assassinated husband Jean-Marie Tjibaou headed the Kanak Socialist National Liberation Front (FLNKS), and Jacques Lafleur, a conservative member of the French National Parliament who signed the Matignon Accord with Mr. Tjibaou.

Mr. Hawke was also to meet the French minister for overseas territories, Louis Le Pensec, who will attend talks in Vanuatu between the 15 independent countries of the Pacific forum and six countries with interests in the region—Britain, Canada, China, France, Japan and the United States.

Those consultations take place on August 3 and 4, after the close of the annual heads of government conference.

The Pacific forum was expected to focus on the possible threat to the environment in the destruction of chemical weapons stocked by the U.S. Army on Johnston Atoll in Micronesia. But, officials here said, New Caledonia is certain to be high on the agenda too, even though the signing of the Matignon Accord has taken some of the passion out of debate.

"The French seem to think that because they have fixed up New Caledonia and gone transparent on nuclear testing, they have somehow restored their relations in the South Pacific," an Australian official said. "In fact, France is still regarded with deep distrust by the island nations."

French President Francois Mitterrand said while visiting French Polynesia earlier this year that from now on, whenever France exploded a nuclear bomb at its undersea test site on Mururoa Atoll, it would announce that it had done so. But Mr. Mitterrand said France was not willing to halt the tests, which have been condemned by all countries in the region. Mr. Mitterrand also said that France wanted to see its Pacific territories more closely integrated into the regional economy.

Australia, an official here said, is "taking the French at their word on that".

New Caledonia

Pacific Forum Adopts Resolution on Decolonization

BK3107093490 Hong Kong AFP in English 0908 GMT 31 Jul 90

[Text] Vila, July 31 (AFP)—Leaders of 15 South Pacific nations on Tuesday adopted a softly worded resolution on the decolonisation of the French territory of New Caledonia and rejected attempts to harden their position in favour of the main pro-independence movement there.

The resolution, adopted on the first day of the annual Pacific Forum, noted "the positive measures" of the French authorities "to promote political, economic and social development" in New Caledonia and to move it towards self-determination.

Among those attending the forum was Australia's Prime Minister Bob Hawke, who visited New Caledonia on his way here to put what Australian officials called "a seal of approval" on the French Government's policy

In Noumea, Mr. Hawke praised the 1988 Matignon agreement between pro-independence Melanesian Kanaks, French settlers opposed to independence, and the French Government. Under the agreement, a referendum will be held on independence for New Caledonia in 1998.

Last year's forum expressed some satisfaction at the Matignon Accords, but three countries—Papua New Guinea, Vanuatu and the Solomon Islands—formed the Melanesian Spearhead Group (MSG) to press for observer status at the forum for the Kanak Socialist National Liberation Front (FLNKS).

Confidential papers prepared by one of those countries before the 1990 forum showed that "a change of strategy became necessary when it became clear that MSG countries would be isolated on their stance."

Papua New Guinea's Prime Minister Rabbie Namaliu, spokesman for the 1990 forum, said a resolution was adopted Tuesday which "urged all the parties involved (in New Caledonia) to maintain, in a spirit of harmony, their dialogue and continue promoting a framework for the peaceful evolution of the territory toward an act of self-determination."

Papua New Guinea

Further Reportage on Bougainville Peace Talks

Vanuatu Minister To Observe

BK0108072890 Melbourne Overseas Service in English 0500 GMT 1 Aug 90

[Excerpts] The Bougainville delegation is expected to respond to the Papua New Guinea Government's offer to restore essential services on the island at peace talks that have resumed this afternoon. Radio Australia's Port Moresby correspondent, Sean Dorney, reports that the Papua New Guinea Government has proposed a memorandum of understanding. However, the issue of final authority on Bougainville, which is to be recognized by both sides if the memorandum is accepted, has yet to be resolved. [passage omitted]

Meanwhile, Vanuatu's finance minister, Mr. Sela Molisa, is expected to be appointed as the third international observer of the Bougainville talks. His appointment follows a request from the Bougainvilleans for additional observers.

Vanuatu has responded and with the Papua New Guinea Government's approval, Mr. Molisa will be the third observer.

Talks Postponed 24 Hours

BK0108084290 Hong Kong AFP in English 0820 GMT 1 Aug 90

[Text] Port Moresby, Aug 1 (AFP)—Peace talks between Bougainville secessionists and Papua New Guinea Government officials were postponed Wednesday for 24 hours until 2 p.m. Thursday (0400 GMT), a New Zealand Navy spokesman said.

Lieutenant Commander Rex Edwards from HMNZS Endeavour on which the talks are being held said the Bougainville delegation had sought the postponement to consider Tuesday's proposal by the government.

The Port Moresby delegation led by Foreign Minister Sir Michael Somare offered on Tuesday to lift its blockade if security forces were allowed to return.

Lt. Cdr. Edwards said a letter had been received from the Bougainville delegation agreeing to discuss the matters raised during Tuesday's talks and seeking an adjournment.

The Endeavour talks are aimed at finding a solution to the 16-month conflict in which more than 80 people were killed before the March ceasefire.

Vanuatu

Reportage on 10th Anniversary of Independence

French Minister To Attend

BK2907144990 Hong Kong AFP in English 1334 GMT 29 Jul 90

[Text] Vila, July 29 (AFP)—French Overseas Territories Minister Louis Le Pensec arrived here Sunday to attend festivities marking the 10th anniversary of Vanuatu's independence from Franco-British rule.

Mr. Le Pensec, who arrived from New Caledonia, was greeted at the airport by Vanuatu Foreign Minister Donald Kalpokas. He attended along with Vanuatu Prime Minister Walter Lini and the visiting Australian premier, Bob Hawke, the inauguration of a new telephone system headquarters built by the French firm CIT Alcatel and financed by France.

It is the first visit by a French minister to Vanuatu—formerly the British-French condominium of the New Hebrides—since France's ambassador was expelled in 1987. France is currently represented here on the charge d'affaires level.

Mr. Le Pensec was to meet Vanuatu government and opposition leaders on Monday, along with New Zealand Prime Minister Geoffrey Palmer.

Premier on Constitution

BK3007074990 Melbourne Overseas Service in English 0500 GMT 30 Jul 90

[Text] Vanuatu's prime minister, Father Walter Lini, says after 10 years of independence his country has made substantial achievements despite natural disasters and political instability. Radio Australia's South Pacific correspondent, Jemimah Gareth, quotes Father Lini as saying that his government has the two-third majority needed to change the constitution.

Father Lini, in a speech to mark the tenth anniversary of Vanuatu's independence, said planned amendments to the Constitution will strengthen parliamentary democracy. He said Vanuatu had made substantial improvements in health, education, agriculture, and tourism and diplomatic links had been established with more than 70 countries. Thousands of people joined regional heads of government and diplomats from Asia, Europe, United States, and the Soviet Union at Port Vila's Independence Park for the celebrations.

Premier on Rebel's Detention

BK3007100890 Hong Kong AFP in English 0938 GMT 30 Jul 90

[By Robert Holloway]

[Excerpts] Vila, July 30 (AFP)—The Pacific island republic of Vanuatu celebrated 10 years of independence Monday with a ceremony containing military echoes of its colonial past and a reminder of colonial neglect.

Before a crowd of 10,000 people and 15 heads of government assembled for the annual Pacific Forum, the Vanuatu mobile force trooped its colour and marched to the strains of "the British Grenadiers." [passage omitted]

Prime Minister Walter Lini catalogued the government's achievements to the crowd, unwittingly seeming to say more about the modesty of what Vanuatu had inherited.

Since independence, he said for example, the government built 13 primary and 14 junior schools for the population of 150,000. It abolished primary school fees and about 85 per cent of children between the ages of six and 12 attend school.

Two-thirds of the rural population and 90 per cent of town dwellers now had access to a water supply.

"Today's Ni-Vanuatu is content that he exists, and that his nation, although small and not very wealthy, is part of the international community."

Father Lini ended his speech by urging the country's citizens, the Ni-Vanuatu, to "participate in and control our domestic economy." This, he said, was the only way to achieve self-reliance. But he also claimed that self-reliance was not possible in a climate of political instability, and a press conference later he tried to justify the continued imprisonment of the septugenarian Jimmy Stevens, who led an unsuccessful rebellion on the eve of independence on Espiritu Santo, the largest island in Vanuatu.

"We were planning to release him" as part of the independence celebrations, Father Lini said. "But since some local politicians were going to use him as a political tool, we considered that it would not be for the good of Vanuatu to release him."

Father Lini, whose Vanua'aku Pati has held 40 of the 46 seats in parliament since the general election in 1987, also said there was a need to change the Constitution. Constitutions, he said, "are not made to be there forever." When pressed to explain the change in political circumstances that made a change necessary, he said a new constitution would "be related to the traditional system and will guarantee freedom of religion."

France Expects Restored Ties

BK3107015090 Hong Kong AFP in English 2201 GMT 30 Jul 90

[Text] Port Vila, July 30 (AFP)—French Minister for Overseas Territories Louis Le Pensec said here Monday that past tensions with the South Pacific archipelago of Vanuatu could soon be resolved, leading to the restoration of full diplomatic ties.

Mr. Le Pensec said officials and especially Vanuatu Prime Minister Walter Lini had told him of their desire to see diplomatic ties normalised.

Finding solutions to "the problems remaining (between us) could happen soon," he said, adding that as far as he was concerned there would then be "nothing preventing the exchange of ambassadors."

Mr. Le Pensec, here for the 10th anniversary of Vanuatu's independence from Britain and France, noted that while it was too early to set any date, he would be seeing Vanuatu Foreign Minister Donald Kalpokas in Paris in September.

The French ambassador here was expelled in 1981 and again in 1987 for alleged interference in the country's internal affairs. Paris currently is represented by a charge d'affaires.

For his part, Mr. Lini in a speech at the anniversary celebrations, said he would "like to express my gratitude" to Britain and France "for the development assistance they keep providing us with." "Whatever has happended in the past now belongs to history. Today Britain and France are our friends."

At a press conference, the prime minister said the "relationship with France is very nice, cordial."

Referring to the separatist movement in neighbouring New Caledonia, which Port Vila has supported, Mr. Lini said that at least there was now peace there. Mr. Lini said no one could know if the 1988 Matignon Accords, reached after bloody clashes between separatists and pro-French settlers and providing for a referendum on independence in 1998, would see New Caledonia independent. But people were now satisfied that "there is peace, no more fighting," he said.

Later Mr. Le Pensec met New Zealand Prime Minister Geoffrey Palmer, who was in Vanuatu for the anniversary festivities, for what French officials said were "warm and cordial talks."

The French minister invited Mr. Palmer to visit New Caledonia to see how the Matignon Accords were being implemented, following Australian Prime Minister Bob Hawke's visit there earlier this week.